Austria	Sch. 22	Indonesia	Rp 3100	Philippines	Pes. 20
Bahrain	Din.0.850	Israel	NS 3.50	Portugal	Esc 100
Belgium	BFr.48	Italy	L 1600	S. Arabia	Rls 6.00
Canada	C$1.00	Japan	Y600	Singapore	S$ 4.10
Cyprus	C£0.75	Jordan	Fils.500	Spain	Pta 125
Denmark	DKr.9.00	Kuwait	Fils.500	Sri Lanka	Rup 30
Egypt	E£2.25	Lebanon	£1 50.00	Sweden	SKr 8.00
Finland	Fmk 7.00	Luxembourg	LFr.48	Switzerland	SFr2.20
France	FFr. 6.50	Malaysia	Rlt 4.25	Taiwan	NT $65
Germany	DM 2.20	Mexico	Pes. 300	Tunisia	Din 0.880
Greece	Dr 80	Morocco	Dh 6.00	Turkey	L 500
Hong Kong	HK$ 12	Netherlands	Fl 3.00	U.A.E.	Dh 6.50
India	Rup. 15	Norway	Nkr. 7.00	U.S.A.	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,222 — Thursday April 30 1987 — D 8523 B

Rajiv Gandhi: the idol is fallen, Page 12

World news | Business summary

S. African union building sealed off

Armed South African police sealed off the Johannesburg headquarters of Cosatu, the largest black union federation, hours after the federation's 20 unions joined a call for a work stayaway to coincide with the whites-only election on May 6.

The raid on Cosatu House followed a similar one last week when police detained hundreds of union workers. Page 14

Blacks freed

South African courts freed the last of 52 blacks held for nine months on sedition charges after the State failed to prove that they had held rebel people's courts in Capetown townships.

Pakistan jet downed

A Pakistan Air Force jet was shot down chasing Afghan aircraft near the north-west border, the official APP news agency said.

Paris parcel bomb

A parcel bomb exploded at an apartment building outside Paris seriously injuring a doorman. The parcel was adressed to a North African family living in the building.

Irangate hurts US

The International Institute for Strategic Studies said Reagan Administration errors culminating in the Iran arms scandal had damaged US influence around the world.

Sri Lanka May Day

The Sri Lankan Government said May day rallies could be held on May 22, normally a public holiday to commemorate national heroes. May Day rallies on May 1 were banned for fear of Tamil guerrilla violence.

Swedish arms probe

The Swedish Government was to investigate allegations that the Bofors group had bribed Indian officials and politicians while negotiating a big arms deal. Page 3

Palme killer reward

Swedish police hunting the killer of Prime Minister Olof Palme said they would pay a reward into a secret Swiss bank account in an attempt to lure would-be informants.

Afghan blast kills 4

A bomb blast at an Afghan refugee camp in Pakistan's Baluchistan province killed four people and wounded more than 12.

India missile

In a rare account of its defence research, India said it had successfully tested a surface-to-air guided missile developed in the country.

Drought hits Somalis

Three million Somalis face starvation because of drought. About 600 Somalis have already died of starvation in the past two months, the Interior Minister said.

Hippo sinks canoe

Eight people drowned in Zambia's Kafue River on Monday when a hippopotamus attacked and sank their canoe. Seven survived.

All-women factory

Saudi Arabia is to set up an electronics assembly plant staffed entirely by women who will use video cameras to communicate with men.

Play alters script

The Bavarian town of Oberammergau was changing the script of its famous passion play after an American Jewish organisation said parts of the text appeared anti-semitic.

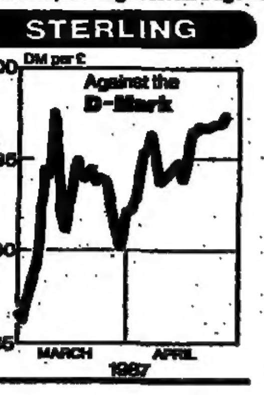
Stradivarius record

Italian concert violinist Luigi Alberto Bianchi paid a record price of £440,000 ($704,000) at Christie's in London for the Stradivarius Colossus violin.

Ford profits jump to $1.5bn

FORD MOTOR, the second-biggest US motor manufacturer, yesterday reported record first-quarter earnings of $1.49bn, or $5.73 a share, confirming its supremacy over General Motors, its larger rival. Page 15

STERLING



STERLING closed in New York at $1.6620. It rose in London to $1.6600 ($1.6540); DM 2.9750 (DM 2.900); FFr 9.9275 (FFr 9.9075); SFr 2.4450 (SFr 2.4275), and Y232.75 (Y231.25). The pound's exchange rate index rose 0.1 to 73.0. Page 29

DOLLAR closed in New York at DM 1.7885, SFr 1.4670, FFr 5.9665 and Y140.00. It fell in London to DM 1.7925 (DM 1.7980) and to FFr 5.9600 (FFr 5.9900), but rose to Y140.15 (Y139.85) and SFr 1.4730 (SFr 1.4680). On Bank of England figures the dollar's index was unchanged at 100.5. Page 29

GOLD rose $2.25 to $451.75 on the London bullion market. In Zurich it fell to $451.25 from $451.50. Page 28

WALL STREET: The Dow Jones industrial average closed up 22.30 at 2,254.26. Page 36

LONDON: A strong government bond sector and a good start to Wall Street trading helped to sustain the rally in equities. The FT-SE 100 index climbed a further 16.5 to 2,038.6 and the FT Ordinary index was 19.2 higher at 1,606.6. Details, Page 32.

TOKYO stock market was closed yesterday for the Emperor's birthday. More fireworks ahead for Nikkei, Page 36.

FRANCE and Italy gave the go-ahead for Thomson, the French state-owned defence and electronics group, and the Italian state STET telecommunications concern to merge their semiconductor microchip activities. The venture will create the second largest European semiconductor group after Philips. Page 15

PEPSICO, world's second-biggest soft drink company after Coca-Cola, reported faster-than-expected first-quarter growth, with net profit up 17 per cent to $81.7m, or 31 cents a share, from $69.7m, or 27 cents. Page 15

BURLINGTON Industries, the largest US textile group, responded to the $1.6bn takeover bid by Mr Asher Edelman and Dominion Textile of Canada by suing for an injunction against the offer. Page 15

TEXACO, the US oil major which filed under Chapter 11 of the US Bankruptcy Code earlier this month, said its first-quarter net profit fell 64 per cent to $118m from $328m a year ago. Page 15

ELKEM, the Norwegian ferroalloys and aluminium group, made a pre-tax loss of NKr 47m ($7.1m) in the first three months of this year compared with a NKr 15m loss in the same period of 1986. Page 33

DAIWA Securities became the first Japanese securities firm to buy a seat on the Toronto Stock Exchange. Daiwa Securities America, a wholly owned subsidiary, has paid a record C$ 361,600 for the seat.

COMMODORE International, US personal computer manufacturer, reported a third-quarter profit of $1m, or 3 cents a share, compared with a loss of $36.7m, or $1.17, for the same period a year ago. Page 15

CYCLOPS, US electrical retailer which is being taken over by Dixons Group of the UK, reported a rise in first-quarter earnings to $7.3m, or $1.77 a share, from $6.1m, or $1.58.

Republican admits conspiring to defraud US

BY LIONEL BARBER IN WASHINGTON

THE FIRST person to face criminal charges in the four-month investigation into the US Iran arms scandal yesterday pleaded guilty to conspiring to defraud the US Government.

Mr Carl "Spitz" Channell, a conservative Republican fund-raiser and former West Virginia motel operator, told US District Judge Stanley Harris he had conspired with Lt-Col Oliver North, the sacked White House aide, and Mr Richard Miller, president of a public relations company.

Mr Lawrence Walsh, the special prosecutor appointed to look into the affair, had earlier filed charges against Mr Channell, who rose to celebrity through his connections with Lt-Col North.

Lt-Col North helped Mr Channell raise millions of dollars from private donors for the Nicaraguan Contra rebels during a Congressional ban in 1984-1985 on all direct and indirect US military aid for the rebels.

Mr Walsh's decision to confine the charges to one count of conspiracy and Mr Channell's guilty plea strongly suggested that the independent counsel intends to use Mr Channell as a key witness in future charges against other major players in the scandal.

Separately, the Democratic congressional campaign committee filed a complaint with the Federal Election Commission that Mr Channell used tax-exempt status to help finance Republican candidates who backed the Contras in the 1986 mid-term elections.

It is unclear whether there is a link between Mr Channel's Contra and Republican fund-raising efforts, but proof that money was solicited and improperly used in a federal election would add a new dimension to the affair.

The first criminal charges lodged by Mr Walsh come one week before the joint House-Senate select committee opens public hearings on the Iran-Contra scandal. They form part of a broad criminal investigation by the special prosecutor covering secret US arms sales to Iran, the subsequent diversion of money, and the private aid network set up to circumvent the Congressional ban.

Mr Walsh, operating with a grand Jury, said his inquiry had turned up "extensive and specific evidence" and covered past and present senior government officials.

President Reagan said on Tuesday that his former National Security Adviser, Vice Admiral John Poindexter, had not told him of the diversion of money to the Contras. He added that Vice Admiral Poindexter, who resigned when the scandal broke last November, was "an honorable man".

The charge against Mr Channell, 41, alleges that he and his main fund-raising organisation – the National Endowment for the Preservation of Liberty – violated its tax-exempt status.

Philips plans Fl 1bn equity issue as profits rise by 42%

BY LAURA RAUN IN AMSTERDAM AND LOUISE KEHOE IN SAN FRANCISCO

PHILIPS, the Dutch electronics group, lifted its earnings by a hefty 42 per cent to Fl 205m ($102m) in the first-quarter despite lower sales and announced a Fl 1bn international equity issue, the biggest in its history.

The public offer of 20m common shares, expected to take place soon, will be registered in the US and underwritten and distributed worldwide. It represents about 9 per cent of the outstanding share capital and is the largest issue in terms of money raised by Philips.

Mr Jonas Zantman, Philips' board member in charge of finances, yesterday refused to disclose the underwriters of the offering.

In the US Philips moved its share listing to the New York Stock Exchange two weeks ago from the Nasdaq over-the-counter market as part of a strategic campaign to expand its American activities and widen name familiarity. American shareholders now account for about 9 per cent of all shareholders and the Dutch company would like to see that rise closer to the 24 per cent of a couple of years ago.

The proceeds of the issue will be used for investments being made worldwide to compete on a global basis in its core activities of electronic products, components and telecommunications.

US industry reports recently have suggested that Philips wants to strengthen its integrated circuit (IC) activities in the US and has been in talks with RCA Solid State, a semiconductor concern acquired by General Electric (GE) of the US last year. Mr Zantman denied that Philips is negotiating with GE, although he added that "everyone talks to everyone else and supplies everyone else in the IC industry."

Philips is the seventh largest IC maker in the world and Signetics, its California-based chip subsidiary, is thought to want to improve its complementary metal oxide semiconductor (CMOS) technology, which was invented by RCA.

The Dutch company is also expanding in America, having recently announced a US-based joint venture in medical systems with General Electric Company of the UK and having taken a minority stake in John Fluke, the US electronic test and measuring group.

Mr Zantman said the Eindhoven-based company expected to round off talks in about six weeks with Whirlpool, the US domestic appliance manufacturer, about a joint venture that would be one of the largest white goods makers in the world.

In the first quarter, Philips' profits jumped on a better performance across the board in all product sectors and geographical areas, with electronic components showing the biggest gain.

The US and Canada posted the largest rise due to good profit growth at North American Philips and smaller losses at Signetics. The contribution from nonconsolidated companies swung to a net income of Fl 7m from a Fl 32m loss a year earlier, largely due to lower losses at its telecommunications joint venture with American Telephone & Telegraph, AT&T-Philips.

Sales fell 9 per cent to Fl 11.8bn from Fl 13bn on the weaker dollar, which eroded revenue when expressed in guilders, and there was a decline in professional electronic products. It was the lowest level of revenue in at least two years but Philips managed to convert it into a rise in operating profits through cost control and smaller extraordinary charges. Operating profits climbed 13 per cent to Fl 826m

Go-ahead for European chip deal, Page 15

Resignation puts Caterpillar rescue in doubt

BY JAMES BUXTON, SCOTTISH CORRESPONDENT, IN EDINBURGH

THE CONTROVERSIAL project to build an off-road vehicle at the Caterpillar tractor plant at Uddingston near Glasgow was in confusion last night, as Sir Monty Finniston, former chairman of British Steel, resigned the chairmanship of Multi Purpose All Terrain (MPAT), the company which has developed the vehicle, along with its financial advisers Noble and Company and other advisers.

A spokesman for Mr David MacWatt, the vice-chairman of MPAT and the man behind the project, insisted that it had sufficient finance and would continue to seek a deal under which it would take over the 1.1m square foot plant, which Caterpillar intends to close.

Only last Friday Sir Monty Finniston said negotiations were being finalised with Caterpillar for the purchase of the plant and the manufacture of the off-road vehicle, which is said to have both military and civilian applications. He said that there were about 1,200 firm orders for the vehicle, called the Paca, from Europe and the Far East and that conditional offers of more than £5m ($7.5m) worth of finance had been made.

Since then, serious questions had been raised about the viability of the project and about Mr MacWatt's business experience. It emerged that the company had letters of intent rather than firm orders.

Last night Sir Monty Finniston, Noble and Company and their public relations consultants said they had "reluctantly come to the conclusion that they should resign." This followed "a careful review of MPAT's proposal" and was "despite recent favourable preliminary independent assessments of the performance of the vehicle itself."

They held out the possibility of establishing another company to manufacture the Paca at Uddingston under licence "if it is subsequently proven."

However a spokesman for Mr MacWatt said that MPAT still intended going ahead with the project to buy the Uddingston plant. He said the company had been negotiating "with the London agent of a foreign bank" and had secured financing in excess of £5.5m without the involvement of Noble and Company and that the details would be finalised today. He was not able to name the bank involved.

MPAT would employ up to 400 people at the Uddingston plant, he said.

He said Noble and Company had been appointed three weeks ago to assist in negotiations and to draw up a business plan for the venture. He said that neither the Edinburgh finance house nor other financial advisers had produced a business plan or an assessment of whether the project was viable or not.

He said be was sorry that Sir Monty Finniston had resigned but said that the company had other prominent directors.

He said he was sorry Sir Monty Finniston had resigned but said he expected General Sir Gerald Duke, who had already been asked to become deputy chairman, to take over as chairman. But last night Sir Gerald, who is 78, said that for personal reasons he had not intended to accept the earlier request to become vice-chairman.

MPAT had originally intended to manufacture the Paca overseas. Three-and-a-half weeks ago it was approached by Caterpillar and asked if it was interested in buying the Uddingston plant.

US vote to curb trade as Nakasone arrives

By Nancy Dunne in Washington

THE US House of Representatives yesterday narrowly approved a controversial trade measure just hours before the arrival in Washington of Mr Yasuhiro Nakasone, the Japanese Prime Minister.

The measure, an amendment to the omnibus trade bill sponsored by Mr Richard Gephardt, a Missouri Democrat, would require countries with "excessive" trade surpluses and a proven record of "unfair trade practices" to correct such abuses or face retaliation.

The amendment would increase the percentage of "managed" US trade by requiring offending countries to reduce their surpluses at a rate of 10 per cent a year, starting in 1989.

Japan, South Korea, Taiwan and West Germany would all be candidates for retaliation. However, the amendment includes two waivers, which would allow President Reagan to forego action in cases where it would not be in the US economic interest or if debtor nations were involved.

The amendment was passed in the face of strong opposition from Mr Dan Rostenkowski, chairman of the House Ways and Means Committee, and many business interests. Its passage reflects the frustration of Congress with the apparent failure of the Reagan Administration to reverse the $170bn trade deficit.

Debate preceeding yesterday's vote demonstrated that frustration, as one member after another declared that there was nothing to fear from retaliation. Mr John Dingell, a Michigan democrat, said there was "literally nothing to be done to American farmers and industry that hasn't been done."

Mr Gephard, a candidate for the presidential nomination, spoke of his own "anger" and of the "decline" he perceived around the country.

"Eighty per cent of our failure is our own failings," he said. But if the country was to regain its competitiveness, it must be able to tell its workers, "you will have an equal chance to compete."

Mr Gephardt's victory is likely to boost his presidential chances and to encourage similar legislation in the Senate.

The US semiconductor industry says Japanese chipmakers are placing "huge" orders for US-made chips, a move which may make it easier for the Reagan Administra-

Continued on Page 14

Pact on N-weapons 'unlikely before 1990'

BY IAN DAVIDSON IN LONDON

THE opportunity for an arms control agreement on long-range strategic nuclear weapons, which was lost in 1986, may be beyond recovery, at least until 1990, according to the International Institute for Strategic Studies.

In its latest annual report, the Institute also predicts that the next two years are likely to be a period of drift in US foreign policy.

"Time is running out for the Reagan Administration to regain its equilibrium," says the Institute, a London-based independent organisation which focuses on international security and arms control.

"Unless President Reagan can regain his grip on authority and exercise the full power of his office, 1987 and 1988 seem destined to be years of drift."

The report sees improved prospects for an agreement on European-based Intermediate Nuclear Forces (INF), because of the change in the Soviet position.

But on strategic nuclear forces, "neither side shows much inclination to budge from the fundamental positions adopted in Reykjavik – the one insisting on pursuing defence in space, the other adamant in opposing this. Without some movement here, the opportunity that was lost in 1986 might be beyond recovery, at least until 1990."

The report represents a sharp break with the Institute's traditional tone of strait-laced respect towards allied governments, with its fierce indictment of the reagan Administration.

"President Reagan began the year with confidence," it says. "As the year wore on, however, his Administration began to look less in control of its policies, reacting to outside challenges with uncertainty and in the end failing to cope ... The sum of the year's activities, misadventures and revelations left the Administration with its foreign-policy goals undermined and the President's own authority and credibility damaged."

The report criticises an administration whose Cabinet Secretaries and departments sometimes pursued uncoordinated, if not contradictory policies.

The report argues that any improvement in East-West relations depends on agreement on arms control, which it sees as the focal point in relations between the superpowers. But it dismisses out of hand what it regards as the errors of the Reykjavik summit between President Reagan and Mr Mikhail Gorbachev.

"Rather than discussing, as they should have done, the basis of an agenda for a full summit in 1987 which offered prospects for an agreement, the superpowers pursued a chimera at Reykjavik: dreams and visions of a world without nuclear weapons and also, for President Reagan, a world of perfect defences. A sense of unreality pervaded the negotiations."

Strategic Survey 1985-1986, International Institute for Strategic Studies, 23 Tavistock Street, WC 2, London. £10.50.

Merrill loses $250m

By William Hall in New York

MERRILL LYNCH, the biggest US brokerage firm, yesterday reported that it had sacked one of its senior traders after suffering a $250m trading loss because of "unauthorised" trading activity in the fast-growing mortgage-backed securities market.

Merrill, which said in its latest annual report that it was the fastest growing company in the mortgage-backed securities market with a 13.3 per cent market share, said that it had "recognised market loss in mortgage securities of approximately $250m." Merrill's shares fell by $1¼ to $36⅞ following the news.

In a brief statement Merrill attributed the loss to "significant, unauthorised activity by a recently discharged senior trader and subsequent market volatility." The matter had been referred to a regulatory agency and Merrill, which has equity capital of $3bn, said that despite the trading losses it expected to be profitable in the current quarter.

Merrill Lynch refused to elaborate further on its statement, but Wall Street sources said that the firm had run into problems with a recent multibillion dollar "stripped" mortgage-backed securities deal. This involves selling, or "stripping," the interest and principal portions of the deal and selling them to separate groups of investors.

Continued on Page 14

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SUGAR BEATS THE DRUM FOR AMSTRAD

Alan Sugar reveals the secrets of his computer company's success. Page 14

EUROPEAN NEWS

West Germany's trade surplus nears DM 28bn

BY DAVID MARSH IN BONN

WEST GERMANY recorded a foreign trade surplus of DM 27.8bn (£9.3bn) in the first three months, up from DM 22.6bn in the same period last year, as exports continued to hold up well in spite of the D-Mark's appreciation.

According to official figures yesterday, the current account surplus rose to DM 20bn from DM 15.6bn in the first quarter of 1986.

The Government and the Bundesbank have been holding out the prospect of a sharp cut in the surplus this year from last year's record DM 76.5bn. However, the central bank said in its annual report this week that a "normalisation" of the West German current account would still take a long time.

The March trade surplus rose to DM 10.1bn from DM 8.5bn a year earlier, with exports rising 7.6 per cent to DM 47.1bn. Imports rose a more subdued 4.7 per cent to DM 36.9 bn.

The current account registered a surplus of DM 8.8bn, double the DM 4.3bn in March last year. This partly reflected a drop in foreign transfer payments after large pre-payments to the EEC in February.

Exports fell 2.3 per cent in value terms to DM 127.3bn during the first three months compared with the same period last year. But this amounted to a 1 per cent rise in volume terms since export prices have been cut.

Imports fell by 7.7 per cent in value to DM 99.5bn, representing a volume increase of 5 per cent since import prices over the period fell 12 per cent.

Reuter adds from Frankfurt: Engineering orders fell a real 3 per cent in March compared the same month last year, according to the industry's association. In the first quarter orders fell a real 9 per cent from the same period last year.

Tax repayment adds to state's financial woes

BY OUR BONN CORRESPONDENT

THE FINANCIAL difficulties of the most populous West German state, North Rhine Westphalia, have been exacerbated by the need to repay to Deutsche Bank, the country's largest bank, roughly DM 1bn (£336m) in previously paid taxes.

The money is to be repaid to the bank after it overpaid DM2bn in corporation tax last year both to the state and to the federal government.

The bank made the original tax payments in respect of profits earned through its purchase and sale of the Flick industrial group. The company was floated on the stock market last year after the Deutsche Bank bought it from its owner, Mr Friedrich Karl Flick, at the end of 1985. This followed several years of controversy over Flick's illegal payments of "laundered" cash to political parties.

The opposition Social Democratic Party (SPD), which controls the state's government, yesterday denounced Deutsche Bank's exploitation of "loopholes" in tax legislation.

David Marsh on the headache ecology consciousness is giving some big companies

Chemical industry fights tougher controls

THE VIVACIOUS Ms Jutta Ditfurth, one of the three national spokespersons for West Germany's Green ecology party, has a simple solution for curbing environmental risks from the country's chemical industry: "One-third should be kept going, one-third converted to other production—and one-third closed down."

It is partly to avoid this extreme fate that companies are trying to fight back in a growing West German rumpus about chemical pollution in the wake of a string of Rhine spillages by Swiss and West German chemical groups at the end of last year.

The debate is highly emotionally charged. This makes it difficult for the industry — with a DM 170bn (£57bn) annual turnover, accounting for more than 10 per cent of industrial production—to work out a coherent lobbying strategy in the face of legislative proposals to tighten environmental regulations.

As a result, chemical companies, led by the big three—Hoechst, BASF, and Bayer—are steeling themselves for higher bills for environmental protection and mounting administrative controls in coming years.

The companies, taking three of the top four placings in world rankings, are now considerably larger individually than the wartime German giant IG Farben from which they were spawned after its break-up in the 1950s. But in terms of public relations, the chemical sector claims to be at a disadvantage.

"All the Greens' news automatically get into the newspapers," grumbles Mr Wolfgang Munde, managing director of the German Chemical Industry Association. "I have to pay for advertisements (the association's budget for this is DM 6m a year) to get our message across."

The chemical companies are complaining above all about Government proposals to widen from 145 to 325 the list of officially-designated dangerous chemicals subject to special controls.

Last year's spillages in the Rhine, which followed closely on the heels of the much more serious pollution from the Sandoz chemicals blaze in Basle on November 1, created a public outcry which forced the centre-right Government to take measures of a distinctly "Green" line. Companies will now be obliged to report to the authorities even small leaks of chemicals into the environment previously considered to have no ecological significance.

Plans are also afoot to increase the companies' legal liability for the consequences of accidents.

The sector has promised co-operation with the Government but it is caught in a number of dilemmas over how best to respond to the political and public opinon challenges.

The industry is drawing attention to the danger that over-strict environmental regulations will drive production and jobs abroad. Mr Karlheinz Trobisch, environmental protection director at Hoechst, says the point is "not far away" when the company will have to transfer production of certain chemicals affected by tough West German standards.

Procedures for building chemical plants are already longer and more complex in West Germany than in other countries such as France, the US and Italy, he says.

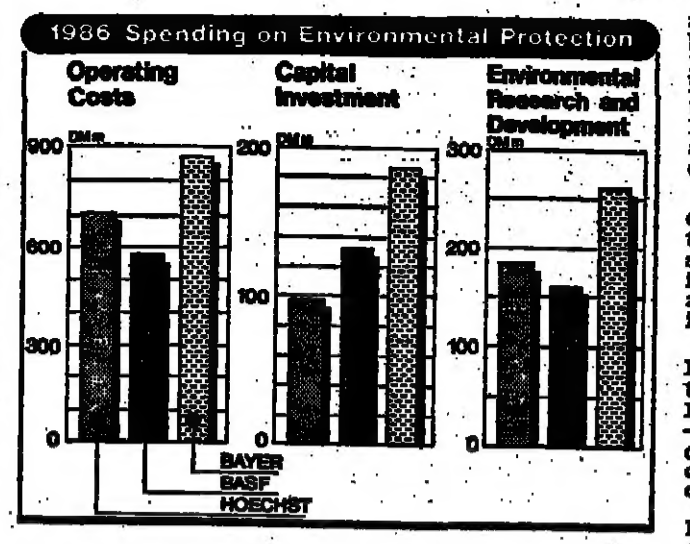
According to Mr Munde: "If German progress (in the environmental field) is not harmonised abroad, then our international position will be serious."

West German environmental standards are arguably tougher than in most other European countries — including Switzerland, where regulatory shortcomings were exposed by the Sandoz accident. But the problem with the argument about jobs being driven away is twofold. First, Hoechst, Bayer and BASF can hardly dismantle their massive, densely-situated plants on the Rhine and main rivers overnight and migrate to green-field sites in relatively unregulated foreign countries.

Second, there is no evidence that the undoubted stringency of environmental regulations has been to the companies' economic disadvantage. The industry agrees, on balance, that it has encouraged efficient and rational use of resources.

"The vitality of the German chemical industry seems to be greater than the disadvantages it has suffered through (environmental) restrictions," says Mr Hans-Georg Peine, environmental protection director at BASF.

Mr Herwig Hulpke, his opposite number at Bayer, says that, up to now at least, his company has been able to absorb extra environmental costs by improving technology and making production methods more flexible. The question, however, is whether this can continue.



The industry spends roughly DM 4.5bn a year on environmental protection, both in investment and operating costs. But the companies note that some of the largest individual investment projects, for instance waste water treatment plants, were decided during the early 1970s long before the Greens became a political force.

Such investments made over the past few years represent one of the reasons why—at least up to the Sandoz blaze—pollution of the Rhine has decreased significantly.

Pollution control expenditure, large though it is, is also only one factor among many affecting the economic health of the industry. The stability and reliability of the 550,000-strong workforce — grouped under the IG Chimie trade union which is undyingly hostile to the Greens—is admitted by executives to far outweigh any inconvenience from environmental regulations.

Another tricky problem for the industry surrounds the vexed question of releasing information on chemical spillages. Overall, the industry is believed to have caused about 100 river pollution incidents last year roughly equivalent to the five spillages from Bayer, BASF and Hoechst that caused all the fuss after the Sandoz disaster.

On the question of the chemical industry's implicit threat that West German ecology consciousness could drive jobs and investment abroad, this has to an extent been already happening.

According to figures from the Bundesbank, the industry added to its foreign assets by DM 16bn between 1976 and 1985 — compared with an increase of only DM 4bn in foreign chemical companies' in West Germany over the period.

The figures do not include last year's record $2.8bn purchase of Celanese of the US by Hoechst — turning the group into the largest chemicals concern in the world.

However, the Bundesbank says that "increasing burdens for environmental protection" appear to have been only a small factor. The main reason for the investment drive has been that a whole series of West German groups now see "scope for expansion only in international business," the Bundesbank says.

The main fear of the big three chemicals groups is that they are running into tougher environmental controls at a time when competitive pressures are already rising as a result of the appreciation of the D-Mark and slower West German economic growth.

Unwelcome though the government's measures may be, however, they will probably be only comparatively minor influences on profitability in coming years. And the companies will no doubt come to terms with increased environmental protection bills as the price for winning acceptance for their activities in ecologically-conscious West German society.

Economy tops agenda for Finnish coalition

By Olli Virtanen in Helsinki

FINLAND'S historic left-wing coalition Government, to be officially announced today, has agreed to tackle structural change of the economy as its first priority. Headed by Mr Harri Holkeri of the Conservatives (Kokoomus), the non-Socialist parties will have a 10-8 majority in the government.

Other parties to be included are the Social Democratic Party (SDP), the Swedish People's Party (SPP) and the Rural Party. The former Prime Minister, Mr Kalevi Sorsa, who yesterday resigned as chairman of the Social Democrats, will get the "number two" portfolio of Foreign Minister while the Conservative party leader, Mr Ilkka Suominen, will be Trade and Industry Minister.

The post of Finance Minister has gone to Mr Erkki Liikanen, party secretary of the SDP, and that of Foreign Trade Minister to Mr Pertti Salolainen of the Conservatives.

The Swedish People's Party's leader, Mr Christopher Taxell, is to be Minister of Education, and the Rural party chairman, Mr Pekka Vennamo, Communications Minister.

The SDP will have eight portfolios, the Conservatives seven, the SPP two and the Rural Party one.

The policies of the new Government, particularly foreign policy, will not differ substantially from those of the previous centre-left cabinet, although some notable changes will take place. Excess farm production is to be curtailed more quickly. Marginal tax rates will be reduced and and capital gains and income will be taxed on an equal basis.

The parties agree that Finland's economy is heading for structural changes both for international and domestic reasons and this will have to be tackled by keeping prices in check and preserving the value of the Markka.

The SDP-Conservative link-up is an unusual outcome of the general election in March when the SDP lost votes heavily while the conservatives gained substantially and the other main non-Socialist party, the Centre Party, also won seats.

A purely non-Socialist government was a widely tipped alternative but President Mauno Koivisto was reluctant to polarise the nation by leaving the entire whole political left in opposition.

The Centre Party will be in opposition despite its last-minute efforts to woo the Conservatives to a non-Socialist alternative.

Cologne company raided over supply of nuclear equipment plans to Pakistan

BY SIMON HENDERSON

West German customs officers have raided a Cologne-based engineering company while investigating the alleged export of plans to help Pakistan build a uranium enrichment plant suitable for making nuclear weapons.

More than 20 officials, including two state attorneys, took part in simultaneous raids on Monday at the offices in Cologne of Leybold-Heraeus and its factory at Hanau outside Frankfurt. The home of one of its directors was also searched.

Leybold-Heraeus is an important contractor to the Urenco consortium—jointly owned by Britain, West Germany and the Netherlands—which operates high-speed centrifuges to produce low-enriched uranium for use in nuclear power plants.

There was a security scandal at Urenco in the late 1970s when it was realised that a Pakistani scientist, Dr Abdel Qadar Khan, may have had access to centrifuge secrets while working for a Dutch subcontractor several years earlier. A parliamentary inquiry was held and security was tightened.

Dr Khan now heads a facility at Kahuta outside Islamabad where Western officials believe Pakistan is trying to produce high-enriched uranium suitable for nuclear weapons. A Dutch attempt to prosecute him for trying to acquire information after his return to Pakistan failed on a technicality.

Western officials believe that they have discovered a Pakistani attempt to buy virtually an entire enrichment plant for Kahuta, except for the centrifuges which Pakistan can now make itself. The plant would dramatically expand Pakistan's ability to produce nuclear weapons, to perhaps 10 per year. Last year, US officials acknowledged that Kahuta could produce bomb-grade material, but only in small quantities.

The Customs inquiry began in early 1986, when the Swiss authorities disrupted the export of autoclaves used to heat solid uranium hexafluoride, converting it into a gas which is then passed through centrifuges in an enrichment plant. Several were successfully exported via France.

The claim that the autoclaves were ordered with the help of two Leybold senior directors, one of whom has since left the company. They took away blueprints which were handed over to the West Germans for analysis.

Experts at Uranit, the West German arm of Urenco located at Gronau, found that some of the plans were for components of a design which only started operation at Gronau at the end of 1985. Others appeared to be of a special design, part of which seemed intended to make highly enriched uranium.

Leybold-Heraeus is making no comment, other than to admit its premises were searched. Dr Khan says he was not involved in any attempt to import autoclaves and that Pakistan's nuclear programme is only for peaceful purposes.

Community jobless rate falls

Unemployment in the European Community fell in March to 16.8m from 17m in February because of better weather, the group's statistics agency, Eurostat, said yesterday, Reuter reports from Luxembourg.

The number of jobless fell in all 12 Community member states. France, Italy and Spain saw declines of less than 1 per cent.

The number of jobless under-25s fell in all states except Italy, where 19,300 more young people were unemployed in March than in the month before.

Danish trade boost

The Danish trade balance improved dramatically in the first quarter, when last year's DKr 3.5bn deficit was turned into a DKr 790m surplus, according to preliminary figures, Hilary Barnes reports.

First-quarter imports fell by 10 per cent to DKr 41.4bn, mainly because of a lower oil bill and a decline in imports of consumer goods.

Irish interest rates

The Irish Central Bank has signalled another reduction in interest rates, the second in a fortnight, Our Dublin Correspondent reports.

The bank cut its key lending rate to the mainstream banks by ½ per cent to 12.25 per cent.

Cyprus plea

President Kyprianou of Cyprus has asked Sr Javier Perez de Cuellar, UN Secretary-General, to try to convene an international conference on Cyprus, under UN auspices, to discuss withdrawal of foreign troops from the island and future international guarantees, our Nicosia Correspondent reports.

In his reply, the UN chief said his soundings of Security Council Members had revealed "differing positions on the proposal," and added that he could not force council members to proceed in a manner which they did not support.

Waldheim move

Prime Minister Brian Mulroney of Canada has said Austrian President Kurt Waldheim is not welcome in his country, but government officials stated yesterday that there were no plans to ban him, Reuter reports from Ottawa.

Sweden agrees to Bofors probe

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE Swedish Government yesterday acceded to demands from India for an official investigation of allegations that Bofors, the armaments subsidiary of the Nobel Industries group, made payments to middlemen or agents in order to win its record SKr 8.4bn ($1.3bn) arms contract from India last year.

Allegations from Swedish radio that some SKr 32 had been paid by Bofors into a Swiss bank account as a bribery payment to Indian officials has caused a storm in India, where Prime Minister Rajiv Gandhi is already under heavy political attack for other scandals.

An important condition set by the Indian Government in the negotiations with Bofors was that the contract should be made directly with the Indian Defence Ministry without the involvement of middlemen.

The issue was raised at Government level in talks between Mr Gandhi and Mr Olof Palme, the former Swedish Prime Minister who was assassinated in February last year.

Mrs Anita Gradin, Sweden's Foreign Trade Minister, said yesterday that in January 1986 Mr Palme had informed Mr Gandhi, that Bofors had declared its willingness to make the contract directly with the Indian Defence Ministry.

In March 1986 Bofors informed the Defence Ministry that no middlemen would be used. Last week Bofors categorically denied the bribery allegations.

Mrs Gradin said that an auditing investigation of key Bofors transactions in the Indian deal would be carried out by the National Audit Bureau, a government agency, and that the inquiry should be completed by the end of May.

The Bofors contract is a sensitive issue for both the Swedish and Indian Governments.

Paris affirms space commitment

PRESIDENT François Mitterrand yesterday affirmed France's commitment to an independent European space programme. He said it was essential for defence and to enable the continent to remain competitive in technological research, Reuter reports from Paris.

"France and Europe must have a reliable launcher," he told a symposium marking the 25th anniversary of the French space agency.

He said that the French armed forces were already benefiting from the Syracuse military telecommunications system mounted aboard two Telecom satellites, which has been in operation since 1985.

The French Spot Earth observation satellite launched last year was providing high-resolution photo-reconnaissance data with both military and civilian applications.

Spot will be the forerunner of purely military Helios observation satellite due for launching in the early 1990s. "And these projects are just the first stage," Mr Mitterrand said.

He congratulated space agency officials on their success in developing their Ariane rocket programme, which had become a serious rival to US commercial satellite launch systems and would secure 50 per cent of the world satellite market in the next three years.

Ariane, however, has been grounded since last May after its second crash in less than a year. No date has been set for resuming launches.

Mr Mitterrand said the development of the more powerful Ariane-5 rocket, which aims to put a manned vehicle into orbit by 1995, should not be hurried at the expense of thorough testing for all the rocket's components.

Mr André Giraud, Defence Minister, told the symposium that an independent space capability was part of French defence policy.

The French space agency, founded in late 1961, made France's first successful satellite launch in November 1965

Brussels to seek more for regions

By Quentin Peel in Brussels

THE EUROPEAN Commission yesterday decided to press ahead with its demand for a doubling of the EEC structural funds, for regional and social spending, in spite of the strong opposition of member states like Britain, France and West Germany.

At the same time it decided to tighten the rules under which member states may provide state subsidies to businesses in economically-deprived regions.

The plan for such a big increase in aid to backward regions, areas of industrial decline and training for the unemployed, is a major part of the total reform package being pressed by Mr Jacques Delors, the Commission president.

It would mean a real doubling in the structural funds from the present total of Ecu 6.5bn (£4.55bn), or at least Ecu 13bn by 1992, the target date for removing all barriers to trade within the Community.

Although the plan has been welcomed by the poorest member states most likely to benefit —like Greece, Ireland, Portugal, and to a lesser extent Italy and Spain—it has been much more sceptically received by the main budget contributors in the north of the Community. They are willing to see some increase in the funds, but nothing like double.

The Commission proposal would also devote 80 per cent of the regional funds to backward economic regions, rather than those areas of industrial decline which most interest the northern states.

Soviet Union takes 'General Motors' road to space

BY PETER MARSH

THE Soviet Union has borrowed the philosophy of one of the pillars of the capitalist world — General Motors — in its highly successful approach to putting people and objects into orbit, says a US report on the country's space activities.

According to "The Soviet Year in Space 1986," which highlights the degree to which the Soviet Union leads the world in extraterrestrial operations, the country has adopted "a General Motors philosophy to mass produce simple and relatively inexpensive space hardware."

As a result, it treats rocket launches as routine events. One third of all space missions last year started on a Wednesday; the country rarely launches payloads on a Monday or a Saturday and never on a Sunday.

"The AFL-CIO could not ask for a better schedule," says the report's author, Mr Nicholas Johnson, advisory scientist at Teledyne Brown Engineering, the US aerospace company.

He goes on to say that "the disparity between the Soviet Union and the rest of the world's space powers was greater in 1986 than at any time since 1957 when the Soviet Union was the only space-faring nation." Of 103 missions last year, 91 of them, accounting for 88 per cent of total activity, were conducted by the Soviet Union.

Despite its statistical dominance in space flights, its tally of launches for 1986 was the lowest for six years. The figure for the other nations was unusually low as a result of a run of launch failures affecting Western space vehicles, including the US's shuttles and Delta and Titan rockets and Western Europe's Ariane.

As a result of these problems, many of the West's space projects are in disarray. Flights of Ariane have been grounded since last May and are expected to resume by mid-summer. Following the Challenger disaster of January last year, meanwhile, shuttle missions are not expected to resume until the middle of 1988 at the earliest.

After launch failures, says the report, the US and Western Europe stop launches and conduct a lengthy investigation into what went wrong. The Soviet Union, however, realising that its rockets are highly proven systems and that launch mishaps are relatively rare, takes such problems in its stride. "When a failure does occur, Soviet engineers can confidently assume it was due to a random failure or a momentary lapse in quality control."

Following one accident in 1986 involving launch of a satellite to warn of nuclear strikes, Soviet engineers readied another rocket, obtained a new satellite from their production lines and 12 days after the accident had successfully launched the craft.

A second, more subtle, reason for the difference in approach, says Mr Johnson, is that Soviet flight technicians may simply be unable to mount a detailed inquiry following an accident. This is due to the country's generally less sophisticated launch technology which fails to produce the mass of telemetry readings about rocket missions which are routine with US and West European space flights.

A large proportion of the Soviet flights during 1986, which launched a total of 114 payloads, were related to military programmes such as surveillance and gathering of electronic intelligence. Others involved the launch of satellites for jobs such as communications, scientific experiments and monitoring the weather.

The launch in February last year of Mir, an improved manned space station, added impetus to the Soviet space programme. Two cosmonauts are currently inside the station engaged in scientific activities. With the US's manned space programme in tatters as a result of the delay in shuttle launches, "Mir is likely to hold the world's spotlight as the focal point of manned activity in space," says the report.

Last year saw several milestones in Soviet space activity. Colonel Leonid Kizim, the commander of the first manned mission involving Mir, became the first person to spend a full year in space. He had made two previous space flights, in 1980 and 1984. During the year, the accumulative Soviet experience in space passed the 100,000 man-hour mark. This is more than swice as long as the comparable cumulative activity of US astronauts.

The Soviet Year in Space 1986, Nicholas Johnson, Teledyne Brown Engineering, 1250 Academy Park Loop, Suite 240, Colorado Springs, Colorado 80910.

Good prospects seen for co-operation with Western Europe

BY DAVID BUCHAN IN MOSCOW

THERE ARE still good prospects for Soviet space co-operation with Western Europe, despite the recent spy row with France and the general lack of European interest in launching satellites and space modules on Soviet rockets, the top Soviet space researcher said yesterday.

Professor Roald Sagdeyev said that Franco-Soviet co-operation, which went back 20 years and has put a French man into orbit, had never depended on using French space vehicles of the kind that France recently accused Soviet officials of spying on. Soviet rockets and modules had been used for joint missions in the past and would be in the future, he said, though it aws for Paris to decide whether such co-operation would continue.

In an interview at the Space Research Institute on the outskirts of Moscow, Prof Sagdeyev said a degree of co-operation with West European countries, such as that institutionalised with Britain in an accord signed during Mrs Margaret Thatcher's recent visit to Moscow, could be "a useful complement" to the programmes of both sides.

But he was sceptical that West Europeans would turn to the Soviet Union simply because it had a clear lead over the US in space research. Each superpower had different strengths in space, the professor believed—the US was very good at extra-terrestrial astronomy, and with the Viking and Voyager missions had showed itself ingenious at solar system exploration.

For its part, the Soviet Union had pursued a more concentrated approach at solar system exploration, focusing a lot on Venus, while in materials-processing, such as crystallography, it was hard to say which country was ahead.

Only in bio-medical studies, such as research into weightlessness, was the Soviet Union clearly in the lead, because it had concentrated on the manning of orbiting space stations first of the Salyut type and now the Mir station launched last year. By contrast, the US is not expected to have a manned space station until the mid-1990s.

In the wake of the US Challenger disaster and problems with the European Ariane rocket, the Soviet Union has been offering its Proton rockets as launchers on a commercial basis. So far, only India has taken up the offer, with a satellite launch expected this autumn.

The Soviet Union has promised to exempt any foreign satellite from inspection on Soviet soil. According to some sources, the Indians have been promised they can attend the launch, but not the actual fitting of the satellite on to the Soviet rocket.

Prof Sagdeyev said he would not deny a military application to the Soviet space programme, but it was "a benign one" in developing verification and early warning satellites. He said the Soviet Union was launching around 100 space modules and satellites a year, slightly more than two-thirds of the world total. He could not say how many of the launches were for military purposes purely. Some Western estimates put it at around one-third.

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Pretoria exports face new threat

BY MICHAEL HOLMAN, AFRICA EDITOR

BROADER economic sanctions against South Africa—excluding gold, diamonds and strategic minerals — could reduce the republic's visible export earnings by a quarter, equivalent to about 7 per cent of GDP based on 1985 figures, says a study* published today.

The report, "Economic Effects of Sanctions on Southern Africa," by Mr J. P. Hayes of the Trade Policy Research Centre, a privately funded institute based in London, also looks at the possible consequences of sanctions on the black-ruled states of southern Africa.

Although the 100-page report does not set out to assess the efficacy of sanctions as an instrument of foreign policy, Mr Hayes, a former Assistant Under-Secretary of State in charge of the economic advisers at the Foreign Office, warns that "there could be a vicious spiral in which dissatisfaction with political developments in South Africa leads to the further escalation of sanctions; and these, in turn, strengthen the forces inimical to political and social reform."

What Mr Hayes describes as "the maximum plausible package of sanctions" would exclude gold, diamonds and strategic minerals, which represent almost 60 per cent of visible exports by value. He also assumes that no effective action will be taken to depress the price of gold as a form of pressure on Pretoria.

The most damaging measures to date, says Mr Hayes, have been decisions by banks, governments and companies which have led to "the virtual cessation of capital inflows," a situation unlikely to change as long as political uncertainties continue.

One consequence is that GDP annual growth will fall far short of the 5 per cent or more required if the economy is to find jobs for all the 260,000 black work seekers who enter the market each year, says Mr Hayes. Over 40 per cent of the black population is under 15, and the urban black population is growing at a rate of over 2.8 per cent a year, he points out.

There are widely differing views on the economic effects of sanctions, says Mr Hayes, some South Africans arguing that import substitution could be a boost, at least in the short term. But the study estimates that a continuation of present economic conditions "may lead to something like stagnation of GDP," while increased trade sanction might "then lead to an actual decrease."

The study says that the greatest threat to neighbouring countries lies in the possibility of retaliatory action by Pretoria.

* *J. P. Hayes, Economic Effects of Sanctions on Southern Africa, Gower Publishing Company, Gower House, Croft Road, Aldershot, Hampshire, GU11 3HR; £7.95.*

Vietnamese mark fall of Saigon in sober mood

VIETNAM'S Communist leaders mark the 12th anniversary of their victory over Saigon tomorrow in a mood far more sober and critical than the euphoria they felt in 1975, Reuter reports from Bangkok.

The country their legendary leader Ho Chi Minh said would be ten times more beautiful after the US-backed South Vietnam was defeated has turned out to be a land of hardships, food shortages and dizzying inflation.

In the year since the last anniversary of the April 30 victory, even some of Hanoi's hardest hard-liners have had to admit publicly that their policies have been a failure.

Behind the now almost ritual self-criticism, though, the reformist leadership brought in last December is struggling to correct the blunders of the past.

Shamir hints at early elections

ISRAELI Prime Minister Yitzhak Shamir said yesterday that a row in his coalition Government over the question of a Middle East peace conference could lead to early elections, Reuter reports from Paris.

He told a news conference at the end of an official visit to France that he was opposed to a new ballot because he believed it would damage efforts to tackle Israel's high inflation.

"There is a danger, that is to say, the national unity Government is threatened by a crisis that could lead to early elections," he said.

The possibility of a new election was first raised by Foreign Minister Shimon Peres, who, unlike Mr Shamir, favours a Middle East peace conference under international auspices.

Mr Peres has said he will soon ask the cabinet to agree to a conference, in a move that could break up the 30-month-old coalition dominated by his Labour Party and Mr Shamir's right-wing Likud bloc.

Razaleigh offers to go

By Wong Sulong in Kuala Lumpur

TENGKU RAZALEIGH, who lost narrowly to Dr Mahathir Mohamad, the Malaysian Prime Minister, for the leadership of the ruling United Malays National Organisation, in recent party elections, has submitted his resignation as Trade and Industry Minister.

Dato Rais Yatim, the Foreign Minister who suported Tengku Razaleigh, has also submitted his resignation, a spokesman of the Prime Minister's Office said yesterday.

Lebanese guerrillas raid Israeli base

LEBANESE GUERRILLAS attacked an Israeli position on the edge of Israel's "security zone" in south Lebanon yesterday, Reuter reports from Tyre, Lebanon.

UN Interim Force in Lebanon (Unifil) sources said the Israelis retaliated by shelling four villages. There was no immediate report of casualties.

About 50 Israeli shells and mortar bombs landed in the villages and a nearby position of Nepalese Unifil troops was damaged.

Unifil said the guerrillas attacked the Israeli hill position at Yater, 18km south-east of Tyre and six kilometres north of the Israeli border.

The guerrillas' two-pronged assault with machineguns and rocket-propelled grenades lasted at least 90 minutes.

Meanwhile in Beirut, rival Christian and Moslem ministers failed to agree to meet again today as planned.

The office of Parliamentary Speaker Mr Hussein Husseini announced no new date for the meeting, which was agreed by the ministers last week during their first talks for seven months.

Last week's meeting revived various government projects to alleviate civilian hardship and restate government authority but the ministers later disagreed on their interpretation and how to set about them.

Christian ministers said executing the projects needed a full Cabinet meeting chaired by Christian President Mr Amin Gemayel. Moslem ministers said the projects had previously been decided and therefore did not need Cabinet approval.

Moslem leaders have boycotted Mr Gemayel since January last year when he failed to endorse a Syrian-mediated pact to end the war by giving greater power to Moslems and a special role to Syria in Lebanon.

Under the Lebanese constitution, the President must chair Cabinet sessions. The Cabinet has not met since October 1985.

Months of high-level talks between Mr Gemayel and Syrian officials representing the Moslems and Damascus's interest broke down recently with no agreement on a new formula of political reforms.

The impasse has been accompanied by an upsurge of sporadic Christian-Moslem shelling incidents after a lull of several months. This month at least five people have been killed by the shelling.

Japan and US at odds over Asia aid agency

BY RICHARD GOURLAY IN OSAKA

A ROW is brewing between Japan and the US over control of the Manila-based Asian Development Bank which has become the region's pre-eminent, if faltering, aid institution.

At this week's annual meeting, the US opposed Japanese efforts to make a special capital injection into the 20-year-old bank. The increase has become symbolically important for Japan which *has been pushing for the increase* for over a year. It would lift its voting power above that of Washington which currently has as many votes.

US officials accuse the Japanese of trying to politicise the organisation, and increase their influence to make it "their bank." Furthermore they question the need for equity increases at a time when the bank has more than \$4bn of liquid assets and its net transfer of capital to its borrowers is falling.

Japanese Finance Ministry officials say that by any criteria, such as Japan's economic size, its presence in the region and its current account receipts, the country should have the largest vote in the bank.

Washington wants to retain the same voting rights as Japan and claims its interest in the Asia and Pacific region is as great as that of Japan.

"Any change in that (parity) status would indicate that we have reduced our interest," a US official said.

Japan and the US have *made, in effect, the same* contributions to the bank during regular capital replenishments. However, Japan has now contributed more than half the resources of the \$7.9bn Asian Development Fund, the bank's soft loan window, compared to Washington's 16 per cent. Contributions to the soft loan fund do not alter voting rights.

The bank's Japanese president, Mr Masao Fujioka, yesterday also endorsed the principle of a more equitable relationship between the level *of contributions and voting* power.

Behind the resistance to the increase is US criticism of the lack of clearly defined objectives for the bank in the run up to the next ordinary capital replenishment in 1990. Other donors and borrowing countries shared the US concern during the ADB's annual meeting.

US officials doubt that other donor members are prepared to lower their voting shares in the bank. If necessary the US is prepared, albeit reluctantly, to match any *special Japanese capital* injection in order to maintain the principle of equal voting rights, a US official said.

Howe's nuclear stance puzzles Pacific allies

BY CHRIS SHERWELL IN SYDNEY

THERE IS an old but relevant piece of advice for British visitors coming to Australia or New Zealand for the first time — treat the countries as foreign, and then look for similarities.

To judge by the purring noise coming from the British Government, Sir Geoffrey Howe, the UK Foreign Secretary, found a pleasing variety of similarities during his wide-ranging talks in Canberra and Wellington earlier this month.

Sir Geoffrey's visit is clearly an important milestone in relations which have been showing signs of neglect.

But while the similarities far outnumbered the differences, it is equally apparent that the differences are important. Indeed, Sir Geoffrey may have left an impression that Britain still does not fully appreciate some of the countries' most keenly felt concerns, and may not have justified the Thatcher Government's own stands convincingly.

In both Australia and New Zealand, this emerged most starkly over defence and security matters, and in particular over Britain's refusal to sign the South Pacific Nuclear Free Zone Treaty, known locally as "Spinfizz."

Australia, a stalwart supporter of western security policies, invested much time and prestige in securing agreement to a pact which, in its view, cannot jeopardise Western interests.

Yet the three western nuclear powers, unlike Moscow and Peking, refused to sign its protocols, a decision which, in Britain's case, has mystified Canberra and Wellington since London has declared it will abide by the treaty in practice.

Sir Geoffrey sought to explain that a nuclear-free zone in the South Pacific looked very different in Europe. He repeatedly drew attention to the nuclear threat Europeans had to live with, the indivisibility of global security and efforts at arms control.

This seemed to have only limited impact on Australian and New Zealand thinking. They pointed out that the South Pacific was simply not comparable to Europe, and that Western interests would suffer in the region because of the nuclear powers' refusal to sign.

Australia and New Zealand in fact believe that Britain has found it impossible to oppose France, which will not accept the treaty as long as it wants to conduct nuclear tests at Mururoa Atoll. In their eyes, this apparent obeisance to French policy diminishes Britain.

This policy has already rendered the 30-year-old Anzus alliance linking the US, Australia and New Zealand inoperative between Washington and Wellington because the US refuses to disclose such information about its ships. The policy also affects visits by British ships.

Sir Geoffrey surprised Australians as well as New Zealanders by taking a sideswipe at the Wellington government before he even arrived there. Suggesting that New Zealand was not pulling its weight in Western defence, he said bluntly that there was no such thing as a free lunch.

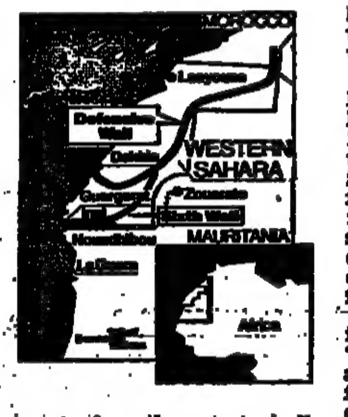
In Wellington itself, he went much further, stopping just short of an outright threat while leaving New Zealanders in no doubt as to what he meant.

Britain, he said, would continue to honour its obligations in relation to negotiating EEC import quotas for New Zealand butter. But with dairy production and subsidies at home being out, it was becoming increasingly difficult for parliamentary backbenchers to press the New Zealand case—not least when most EEC countries were also Nato members.

The New Zealand Government's understandable surprise at this link between trade and defence issues was strongly expressed by Mr David Lange, the Prime Minister, who accused British farming interests of seeking to exploit New Zealand's foreign policy to disguised protectionism.

Mauritanian neutrality put at risk by Saharan wall

BY PETER BLACKBURN, RECENTLY IN NOUADHIBOU, MAURITANIA



MAURITANIA'S neutrality in the long running war in the Western Sahara has been threatened by the construction by Morocco of a sixth defensive wall close to its strategically important iron ore railway line.

The 550 km (340 mile) wall —*a ridge of rock and sand* reinforced by mines and electronic scanners—is intended to bar the Algerian-backed Polisario direct access to the Atlantic Ocean.

The Polisario have for the past 12 years been fighting for the independence of the former Spanish Sahara which is now occupied by Morocco.

The Polisario have made a number of seaborne attacks on foreign fishing vessels and light aircraft in an apparent change of tactics after the defensive walls made land based raids much more difficult.

The sixth wall protects Morocco's southern flank and completes a defensive wall system of more than 1,200 miles. It means that the Polisario will now be obliged to pass through Mauritanian territory in order to reach the ocean.

Mauritanian President Maaouya Sid Ahmed Ould Taya has described the situation on the northern frontier—especially the 140-mile stretch from the small border town of Inal to the ocean—as "serious."

A recent skirmish between Polisario and Moroccan troops near Inal, where the wall is only 400 yards distant, increased Mauritanian fears.

A ministerial communique said that "the massive and permanent presence of foreign troops so close to our vital centres is unacceptable."

The communique added that measures have been taken to guarantee the security of the northern port of Nouadhibou, the country's economic capital.

No details were given but analysts say that the former Spanish garrison of La Guera, four miles across the desert peninsula from Nouadhibou, has probably been reinforced with Mauritanian troops. Border surveillance has been increased and more troops stationed along the railway line, especially from Inal to the ocean where the wall runs parallel at a distance of little over a mile away.

The railway carries some 9m tonnes of iron ore from the mines at Zouerate to the port of Nouadhibou and is vital to the Mauritanian economy.

At Nouadhibou there was little sign of extra security and the fishing and iron ore industries, which account for virtually all the country's exports, were operating normally.

Although the iron ore trains continue to run as usual, this correspondent was refused permission to make the 400-mile journey to Zouerate. "There is tension in the area and we cannot afford to take any risks, especially with foreigners," Mr Dah Ould Cheikh, the governor of Nouadhibou region, explained.

The Mauritanian military regime of President Taya is nervous about being dragged back into the conflict, analysts say.

The former civilian regime of President Moktar Ould Daddah was overthrown in 1978 by the military after a disastrous four-year war alongside Morocco against the Polisario. A peace treaty was signed in 1979 and Mauritania gave up the southern third of the former Spanish Sahara except for the strategically important garrison of La Guera.

Since Col Taya took over just over two years ago he has sought strict neutrality in contrast to his predecessor Col Haidalla who was seen as too sympathetic towards the Polisario.

Many northern Mauritanians have close ethnic and cultural ties with the Polisario and support its struggle for self-determination, analysts say. They are also suspicious of their powerful northern neighbour's colonial ambitions—in 1969 Morocco claimed all of *Mauritania down to the Senegal* river.

President Taya restored diplomatic relations with Morocco in 1985 while continuing to recognise the Saharan Arab Democratic Republic. Internally he has given priority to restoring the country's drought- and war-ravaged economy.

Although improved rains helped to increase the cereals harvest to 95,000 tonnes in 1986, compared with 20,000 tonnes in 1984, Mauritania still *imports nearly two-thirds of its* food. Food self-sufficiency is a receding target, according to some aid donors. Desert already covers 75 per cent of the country and is advancing by four miles a year.

Major reforms in food policy, including the promotion of "Food for Work" programmes and reduced distribution of free food, are part of the conditions attached to the first World Bank structural adjustment loan of some \$40m due to be approved early June. Banking, energy, fisheries, iron ore mining and institutional reforms are also included in the programme.

The Taya regime has made a big effort over the past two years to promote economic recovery. "The last thing it wants is to be dragged back into the Saharan war," one aid donor in Nouakchott said.

However, Mauritania may find itself powerless to prevent the Polisario using its territory to launch further sea and land raids and this could provoke reprisals from Morocco. If this happens Muaritania may feel the need to invoke its military cooperation agreement with France in order to help preserve its territorial integrity.

AMERICAN NEWS

Reagan admits officials divided on arms control

BY STEWART FLEMING, US EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan, faced with a split on arms control policy among his advisers, is insisting that he expects diverse opinions within his Administration but that he believes that once he has made the final decision his officials will carry it out "no matter how they may have felt about it".

Mr Reagan's comments, in an interview in which he addressed questions on issues from arms control to ethics in government and sexual morality in the face of the spread of AIDS, came in the wake of an extraordinary public statement from Lt Gen Edward Rowny, one of his top arms advisers.

Gen Rowny, the chief US negotiator on strategic arms who was replaced in 1985 and is now an adviser to the President, said that the White House's focus on arms deal with Moscow covering intermediate and shorter range missiles in Europe emphasisese "the wrong problem."

The White House quickly distanced itself from Gen Rowney's comments saying officials were "certainly upset" by his comments which were not "particularly helpful."

But Mr Reagan himself, in the interview with a group of reporters also seemed intent on conveying a more cautious tone about arms control prospects than he has in recent weeks. There has been mounting domestic and congressional criticism than the Administration is in danger of rushing into a deal which does not pay enough attention to the conventional arms balance in Europe.

He said that Administration officials have been expressing "hopefulness" rather than "optimism" about the talks.

General Rowny, a conservative o narms control issues who is seen as an ally of Mr Caspar Weinberger, the Defence Secretary, has also indicated that he believes the Reagan Administration is pushing ahead too quickly for a European missiles deal.

His comments echo expressions of scepticism in Washington about the intermediate nuclear forces (INF) deal the Administration seems to be seeking with Moscow. Last week former President Richard Nixon and his secretary of state, Dr Henry Kissinger, said they believed the President ought to link the issue of conventional military forces in Europe to the agreement on intermediate and shorter range missiles under negotiation. The White House subsequently said that it did not intend to do this.

The interview betrayed once again the President's tendency to ramble in a free flowing discussion and on a number of occasions, according to the text of the interview published by Associated Press, he appeared to lose the thread of his argument in the answers he gave.

Senate move to curb Japanese bank growth

By William Hall in New York

THE rapid expansion of Japanese banks and securities firms in the US would be severely curbed under a proposed bill which was introduced in the US Senate yesterday.

Senator William Proxmire, chairman of the banking committee, and Senator Don Riegle, chairman of the securities subcommittee, jointly introduced a bill which would give US bank regulators far-reaching powers to refuse applications by foreign financial firms to enter new businesses in the US if similar powers were not permitted to US firms in the home markets of the foreign firms filing the applications.

While teh proposed bill was not aimed solely at Japanese financial institutions, Senate officials said the purpose of the bill was to indicate to other countries, particularly Japan, the seriousness of US concerns about the slow pace of opening up foreign financial markets.

The bill would prevent Japanese firms from becoming government securities markets primary dealers in the US government securities markets if US firms were denied similar access in the Japanese government debt market.

It would also allow US bank regulators to deny applications of foreign financial institutions to take over US firms or enter new markets in the US, if similar privileges were not permitted in the foreign country.

The legislation is likely to increase pressure on US bank regulators to delay approval of the applications of Japanese firms which want to expand financial activities in the US. Late last year, the Federal Reserve permitted three Japanese financial institutions to become primary dealers in the US securities market, which has been described as "one of the most prestigious clubs on Wall Street."

The decision has been attacked by Congressmen who argue that the Fed has been too lenient in permitting Japanese firms to expand in the US.

Surinam rebels pledge to continue struggle

BY CANUTE JAMES IN KINGSTON

REBELS fighting to overthrow the seven-year-old military government in Surinam intend to continue attacking important economic installations because they are unimpressed by a Government plan to restore democracy by November.

Representatives of the rebels, speaking from French Guiana which borders Surinam, claimed that proposals for a constitutional assembly and parliamentary elections were a cover for the Government, led by Commander Desi Bouterse, to maintain control over the former Dutch colony of 400,000 people.

The rebels' representative, who asked not to be identified, said: "We do not intend to halt efforts towards liberation of the country." He added: "We will continue to attack and we know that neither Bouterse nor the army can take much more."

However, the rebel effort appears to be suffering from a reduction in supplies of arms and other material, usually shipped through French Guiana.

The Jungle Commando, the rebel group, and five groups of exiles opposed to the military government, recently united in the hope of attracting more support.

Mr Glenn T. Jong-Akiet, head of the Council for the Liberation of Surinam which is one of the groups on the National Resistance Council, said: "Every time we knocked on the door for the aid we were told we were too divided. Weapons are still the main problem. We hope the new council will be able to find new material for the rebel forces."

Commander Bouterse, who has been under pressure from the rebel forces since last July, appears to have bought some time and diffused rising domestic discontent with the proposals for a return to democratic government.

Having led the country since heading a coup which toppled Mr Henk Aaron as Prime Minister seven years ago, Mr Bouterse has made several promises of a return to democratic government. The latest plans, however, have come after intense pressure from local trade unions, foreign business and the Dutch and US governments.

The army leader has proposed parliamentary elections on November 25 following a referendum in September to ratify a constitution drafted last month. It promises free elections under secret ballot, freedom of religion, association and expression, and the right to join trade unions.

The proposed elections would create a 51-member national assembly which would elect a president with some executive powers.

A Western diplomat in Paramaribo, Surinam's capital, said: "The plans should reduce some pressure on Mr Bouterse, not only internally, but also from his harshest critics, such as the US and Dutch government."

The Dutch Government, which has been accused by Commander Bouterse of giving help to the rebels, has been guarded in its reaction to the new constitution.

Official statements in the Hague suggested concern for the development of "sufficient confidence" which would lead to "the desired democratic structure."

However, while the Jungle Commando and its supporters – mainly exiled Surinamese politicians in Western Europe and the US – await new supplies for further assaults, it is the economy which is providing Commander Bouterse with his biggest headache.

The country's economy depends on bauxite mining and refining and aluminium smelting for 80 per cent of its income. Rebel attacks on the mining town of Moengo in November and on electricity transmission lines in January brought the industry to a halt and caused widespread and prolonged blackouts in the country.

Some power lines have been repaired and the bauxite refinery has been reopened, but the Moengo mines and smelter are still closed. The collapse of bauxite and aluminium prices five years ago cost the economy about US$55m a year in foreign earnings.

The Government was on the receiving end last month of a series of public protests over increasing shortages of consumer goods, including food. Prices have risen sharply and the black market in hard currency operates at a rate equivalent to an 83 per cent devaluation of the Surinam guilder.

Americans protest at Nicaragua killing

By Peter Ford in Managua

A GROUP of angry Americans demonstrated outside the US embassy in Managua on Wednesday, blaming Washington for the death of their compatriot Mr Benjamin Linder.

Mr Linder, 27, became the first American working with the Sandinista Government to die at the hands of the US-backed Contras in an attack in northern Nicaragua on Tuesday morning.

He had been working in Nicaragua as a mechanical engineer since 1983, and was assisting a rural electrification project at the time of his death.

The Sandinista Government, in an official protest to Washington, said it held US policy "directly responsible" for the American's death. The attack underscored the US Government's efforts "to try to destroy the social and economic development programme" Managua has undertaken, the protest added.

Mr Linder was one of several hundred US citizens who have taken permanent jobs in Nicaragua to express their support for the Sandinista revolution and their opposition to US aid for the Contra rebels.

Mr Linder had told a reporter shortly before his death that he knew rebels in the area had picked his team as a special target for attack, because of the work they were doing.

US economic indicators rise 0.4%

By Nancy Dunne in Washington

HIGH stock prices helped nudge the US index of leading economic indicators up 0.4 per cent in March, which was interpreted by the US Commerce Department as showing continued economic growth.

The department also revised indices for the two previous months, reporting an 0.4 per cent increase in February's index after a 0.4 per cent decline in January.

The 4.1 per cent rise in the value of common stocks during March accounted for about one-third of the index's recent increase. However, the market has fallen substantially this month, with the Dow Jones Industrial Average falling by more than 170 points.

Other positive factors accounting for the rise included a decline in unemployment claims and rises in orders for capital equipment and consumer goods.

Mr Richard Rahn, chief economist of the US Chamber of Commerce, said the index gave "no indication of recession."

Alfonsin concedes wage increase sought by unions

BY TIM COONE IN BUENOS AIRES

THE Argentinian Government has conceded a general wage rise demanded by the trade unions in a bid to put together a "social contract" involving the Government, unions and business leaders.

Details have not yet been released, but Mr Saul Ubaldini, leader of the General Confederation of Workers (CGT), said the concession had been made on Tuesday night by the Ministry of Labour.

In the past few days discussions have been taking place between the Government, trade union and business leaders to hammer out the basis of the pact, which President Raul Alfonsin wants to have signed before he makes his speech to open the new session of Congress tomorrow.

The Government feels under pressure following the military rebellion over Easter, and is searching for a political consensus that will ease tensions with the trade unions and private sector while confronting problems within the armed forces.

Mr Eduardo Curia, the economic adviser to the powerful group of 15 trade unions which backed the appointment at the beginning of the month of Mr Carlos Alderete from their ranks to head the labour ministry, said in an interview this week: "A wage rise and a reform of the country's labour laws are the two fundamental points required by the unions, and without those concessions there can be no stable agreement."

He added that agreement on a social contract "will have to lead to a redefinition of economic policy." The appointment of a trade unionist to head the labour ministry raised many eyebrows at the time, and has given rise to much speculation over a possible shift in direction of government economic policy.

The government's policy since mid-1985 has been based on a restrictive anti-inflation strategy with price and wage controls, tight credit and a crawling peg exchange rate.

Dukakis aims at White House

THE governor of Massachusetts, Mr Michael Dukakis, a liberal Democrat, yesterday formally entered the race for the 1988 Democratic presidential nomination, calling for a strong economy and equal opportunity for all, Reuter reports from Manchester, Mass.

Mr Paul Laxalt, a former Nevada senator and close friend of President Ronald Reagan, this week set up an exploratory committee on whether to enter the presidential race.

A conservative Republican, Mr Laxalt's support lies mostly in the West, where a ring of Republican senators has indicated they would support him.

Mexico exports up sharply

BY WILLIAM ORME IN MEXICO CITY

MEXICO'S surprisingly strong export sector realised further gains in March, pushing last month's trade surplus up to $705m (£427m), more than three times the $231m surplus regisered in March 1986.

Mexico ended the first quarter with a $2.19bn trade surplus, accumulated largely from rising oil prices and a 51 per cent jump in manufactured exports, the Budget and Planning Ministry said. This is up 138 per cent on the $920m surplus registered in the first three months of last year.

Exports totalled $4.29bn in the first quarter of 1987, up 24 per cent, while imports fell 11.4 per cent to $2.73bn.

Even though Mexico's income from oil sales increased by 23.7 per cent in the first quarter, crude exports accounted for just $1.84bn, or less than half, of the country's total export earnings.

The trade figures show a continuation of the positive trend of last year, when Mexico for the first time in the decade earned more from manufactured exports than from oil. Mexico has also reversed past patterns by obtaining more export income from the private sector than from state companies.

St Lucia votes again

By Canute James in Kingston

FOR the second time this month, St Lucians are voting today in a general election, called by Mr John Compton, the Prime Minister, in an effort to give his ruling United Workers Party a stronger hold.

In the earlier election on April 6, the UWP took nine of the 16 seats in the assembly. With the others going to the St Lucia labour party, led by Mr Julian Hunte, the Prime Minister's brother-in-law.

Mr Compton took the gamble on a new vote, suggesting that his slim majority could lead to instability and doubts in the minds of foreign investors.

WORLD TRADE NEWS

Japan 'placing huge orders for US-made chips'

BY LOUISE KEHOE IN SAN FRANCISCO

JAPANESE semiconductor makers have stopped dumping memory chips and are placing "huge" orders for US-made chips in an apparent effort to end the US-Japanese semiconductor trade dispute, according to US semiconductor industry analysts.

The Japanese moves have not, however, changed the US Administration's demands for evidence of sustained compliance with the US-Japanese semiconductor trade agreement signed last year. This calls for Japan to open its semiconductors market to foreign suppliers and to stop "dumping" chips in the US and in third countries.

Neither, say senior US trade officials, will the US quickly revoke the $300m (£187m) in retaliatory tariffs imposed on Japanese personal computers, TVs and power tools earlier this month.

Only when the US has evidence of sustained compliance with the trade pact over a period of months, will the tariffs be lifted, they say.

According to analysts at Dataquest, the US market research company, prices for Japanese-made 256k Drams (Dynamic Random Access Memory chips) have risen sharply in Taiwan and Hong Kong over the past few weeks. Current average prices of $1.68 in Hong Kong and in Taiwan remain below those in Japan ($1.80), Europe ($2.1-5, and the US ($2.20) but do not represent dumping, Dataquest says.

"These prices are marginally profitable for most Japanese producers," said Mark Giudici who has monitored memory chip prices worldwide since the trade pact was signed.

The rise in Dram prices has been caused by Japanese production cuts and export limitations ordered by the Japanese Ministry of International Trade and Industry, Dataquest believes.

Japanese companies, in a bid to address the market access issue, have started to place extraordinarily large orders with US chipmakers, a Dataquest semiconductor trade analyst reports.

"The rise in orders is not supported by actual demand but the Japanese companies want to demonstrate a response to Miti demands to buy foreign chips.

Peru, Textron finalising $35m countertrade deal

BY OUR WASHINGTON CORRESPONDENT

PERU is finalising a $35m (£21.8m) countertrade deal with Textron, the US aeronautics and helicopter group, Mr Gustavo Saberbein, Peru's Vice Minister of Economy and Finance, said in Washington.

A spokesman for the company, which makes Bell Helicopters, confirmed that negotiations were under way with Peru for payments in products worth approximately $35m. Peru's debt to Textron arises from helicopter purchases.

According to Mr Saberbein, Peru is seeking to pay in manufactured silver products, which contain 98 per cent local content and labour.

The Peruvian Government, which is short of foreign exchange, has repeatedly said that it wanted to pay its international creditors in products. So far, however, its only major countertrade deals have been with the Soviet Union and Eastern Europe.

Mr Saberbein also said that "half the steering committee" of Perua's creditor banks was in favour of reaching a deal on countertrade. Peru's total foreign debt is $14bn.

But while banks are theoretically willing to accept payment in kind, one leading New York bank economist said he doubted that Peru could make a sufficiently attractive offer.

Banks have already been writing down their Peruvian debt and the difficulty of unloading products is unlikely to appeal to many, he said.

Protectionist sentiments are running high in Brussels, William Dawkins reports

EEC dilemma over Japanese car surge

THE simmering row over the surge in Japanese car exports to the EEC since the turn of the year has plunged the Community into an agonising dilemma.

Both the European Commission and EEC car makers are deeply worried about the 34 per cent rise to 282,500 cars in Japanese shipments to the Community in the first two months of this year.

At a time when car industry experts are predicting a decline in European production for this year, the Commission is increasingly anxious that the need to fight low-cost Japanese competition will sap EEC car makers' ability to finance development.

Their response so far has been more fearful than hard hitting, culminating most recently in a plea for moderation from Mr Willy de Clercq, the European Commissioner responsible for external trade, during his visit to Tokyo.

Protectionist sentiments among his colleagues in Brussels are running high. Yet the truth is that even if Tokyo takes no notice, any tougher EEC retaliation will have to come to terms with the complex —and even contradictory— positions of the member states themselves.

"It's a very unpredictable situation. We just don't know which way it will go," one Commission official admits.

While the Brussels authorities are under constant pressure from the industry to impose a freeze on Japanese car imports —a prospect which in itself might pose serious legal problems—getting a common stance out of EEC Governments is even harder.

South Korea is studying plans gradually to lower tariffs on imported cars, from 50 per cent to 30 per cent by 1990, AP-DJ reports from Seoul.

The plan is aimed at avoiding trade friction with South Korea's trading partners

The plans were reported a week after Mr Malcolm Baldrige, US Commerce Secretary, complained that South Korean tariffs on foreign cars were still too high, despite a recent 10 percentage point cut to 50 per cent.

Officials said the plans would cal for reducing tariffs on imported cars to 40 per cent next year, to 35 per cent in 1989 and to 30 per cent in 1990.

At one extreme stand France and Italy, which already have their own bilateral accords with Tokyo, limiting the Japanese market share to a tiny 2.9 per cent and 2,500 cars respectively. They would be happy to see the screws kept down as tight as possible, the Commission believes.

In the middle sits Britain, with industry-to-industry agreements keeping the Japanese share to about 11 per cent, and host to a major new Nissan plant.

At the other end stand the Benelux countries, with no bilateral import curbs because they have no national car makers to protect.

But the real puzzle is West Germany. It imported 426,000 Japanese cars last year, well over twice as many as any other member-state, yet paradoxically it is the least keen of all to see tough action against Japanese imports.

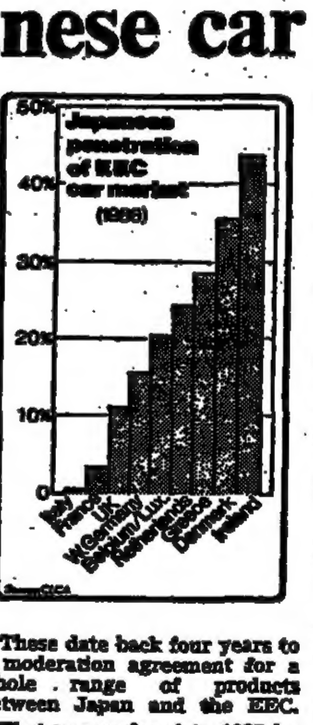
West German officials admit they would welcome some kind of EEC restraint agreement that is tougher than the present informal system because their car industry would benefit most.

But they fear that anything near a trade war would harm the major share of Japanese luxury car imports held by Daimler Benz and BMW.

At the same time, however, Bonn is coming under growing pressure to get off the fence from mass car producers like Volkswagen, Opel, General Motors' subsidiary and Ford of West Germany, which have little or no Japanese sales to protect.

The German dilemma apart, the Commission is faced with the further question of how to fathom Japan's intentions.

For the recent surge is partly a sympton of the practical problems experienced by Miti, Japan's Ministry of International Trade and Industry, in persuading car makers to stick in an orderly fashion to the promises of restraint it has made on their behalf.



These date back four years to a moderation agreement for a whole range of products between Japan and the EEC.

That was replaced in 1985 by a looser accord to "monitor" car sales, under which the Commission signalled its alarm to Tokyo over a sudden jump of more than 40 per cent in car shipments in the last quarter of 1985 — the first sign of the present problem.

Miti responded, to the Commission's surprise, with a unilateral promise to keep the growth in car shipments to 10 per cent in 1986.

Export growth continued to rocket early last year, so that Miti could keep its promise — and it only just kept it, with a 10.9 per cent growth in shipments — by urging car makers to hold back shipments and produce a sharp decline in the last quarter of 1986.

Inevitably, those delayed shiploads of cars reached EEC ports early this year, creating an alarming rebound in imports, which should, say the Japanese, be temporary.

The Commission is not convinced. It is keenly aware of the fact that the yen has strengthened far more against the dollar than against European currencies over the past year, thereby putting pressure on Japanese car manufacturers to look for sales growth in the EEC rather than on the other side of the Atlantic.

All this is while their sales are coming under new pressure in important Asian markets from successful South Korean producers such as Hyundai.

Miti is predicting that it can still hold car export growth this year to around 10 per cent, a situation which Mr de Clercq does not like, but which at least would not compel him to seek a common stance on what to do next from a divided Community.

Commission officials estimate that Miti would have to enforce no growth in shipments from now until December if that target was to be met. Says one: "Miti still has a strong grip over the Japanese car industry, but whether it could do that is an open question."

Early result sought from Uruguay trade talks

By William Dullforce in Geneva

THE INTERNATIONAL Chamber of Commerce (ICC) yesterday called on negotiators for early results from the Uruguay Round of trade talks, in order to preserve its credibility in the eyes of businessmen.

The most frequently cited target for quick action is agricultural trade but Mr William Eberle chairman of the ICC Commission on International Trade Policy, said that the ICC was looking first for improvements to the Gatt disputes settlement system, the surveillance of trade legislation—and Gatt safeguard measures—items on which "nobody has to give anything away."

Mr Eberle is a former US special trade representative and now a businessman. He was speaking at the one-day meeting organised by the ICC between leading businessmen and some 35 heads of delegations to Gatt.

The ICC intends to send the same message on the need for an "early harvest" from the Uruguay Round to the leaders of the seven major industrial powers who will meet in Venice in June.

In addition, it will ask them to reconfirm the standstill commitment made by their trade ministers at the launching of the Round last September.

"Early harvest" has replaced "fast track" as the catchphrase among governments looking for results by the end of 1988 from Gatt's trade-liberalising round whose scheduled four-year term would stretch to the end of 1990.

Governments undertook under the standstill to introduce no further trade action contrary to Gatt rules while the Uruguay Round lasted.

The US-Japan semiconductor deal and the subsequent punitive US trade action against Japan for allegedly not observing the terms fo the deal were a clear case of "stepping back" from the standstill undertaking, Mr Eberle said.

ICC speakers also urged negotiators to think harder about the link between trade and finance. A widespread belief within the business community held there was inadequate understanding of the linkage between protectionism, international debt, foreign investment and volatile currency rates.

Japan's share of W Europe car market falls

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE JAPANESE share of Western Europe's new car markets fell sharply in the first quarter, from 11.4 per cent in 1986, to 10.3 per cent, the lowest level since 1984.

The fall in registrations, by 5 per cent in volume to 315,000, indicates that the severe cut in car shipments from Japan to the European Community countries in the second half of last year is now beginning to be effected in reduced sales.

Car producers were warned last summer by the Japanese Ministry of Trade and Industry (Miti) that they were risking a further upsurge of protectionist sentiment if they did not stop their rapid push into Europe which early in 1986 was particularly evident in West Germany.

In the first quarter of this year, the Japanese share in West Germany fell from 14 per cent to 13.1 per cent as their sales fell from 94,000 to 83,000.

Total new car registrations in the 17 major European markets in the first quarter rose by nearly 5 per cent from 2.92m to 3.06m, according to unofficial industry sources.

In the three-month period, the Fiat-Lancia-Alfa Romeo group of Italy topped the list of leading manufacturers, ahead of Volkswagen-Audi-Seat, which took top place for 1986 as a whole.

Fiat was helped by a very strong domestic market — Italian car sales in the first quarter are estimated to have risen by 4 per cent to 527,000 and the Fiat kept its 60 per cent and Fiat kept its 60 per cent share.

W. EUROPEAN CAR SALES: JANUARY TO MARCH

	1986	1987		1986	1987
Total market	2.9m	3.0m	Renault	9.6	10.5
MARKET SHARES %			Mercedes	3.8	3.7
Fiat-Lancia-Alfa Romeo	15.1	15.2	Rover	3.8	3.7
VW-Audi-Seat	14.2	14.5	Toyota	2.8	2.5
Peugeot-Citroen	11.2	12.0	Nissan	2.8	2.5
Ford	11.5	11.7	BMW	2.7	2.3
General Motors (Opel-Vauxhall)	11.5	11.2	Volvo	2.5	2.3
			All Japanese	11.4	10.3

Industry sources

In contrast, in West Germany, VW's domestic market, car sales in the quarter fell by nearly 5.5 per cent to 634,000.

The weakness was expected because as many as 50,000 extra cars were registered in December last year to take advantage of government tax benefits on "clean cars" which were reduced on January 1.

Mitsubishi in bid to finance Indonesia plant

MITSUBISHI of Japan is competing with four Western corporations to win a billion-dollar contract to build Indonesia's first commercial nuclear plant, Reuter reports from Tokyo.

Mr Yotaro Iida, president of Mitsubishi Heavy Industries, met Indonesia's President Suharto and offered financing terms for the plant, expected to cost around $1.1bn (£687m).

Mr Iida said later that Mitsubishi was also interested in investing more in Indonesia and taking part in other development projects.

Mitsubishi was among five foreign companies invited by Indonesia last year to submit feasibility studies for a nuclear plant in central Java.

INTERNATIONAL APPOINTMENTS

EdF picks new chairman

BY PAUL BETTS IN PARIS

MR PIERRE DELAPORTE, 59, the managing director of Gaz de France, the French gas utility, has been chosen by the French Government as the new chairman of Electricite de France (EdF), the French state electricity utility.

He is to take over from Mr Marcel Boiteux who has headed EdF since 1979 and has reached mandatory retirement age. The Government has also chosen a new managing director for EdF. He is Mr Jean Bergougnoux, a senior director of the electricity utility.

The appointment of a new head for EdF has been the subject of considerable speculation and interest in France during the past few months in view of the industrial and economic weight of the utility. Employing 124,000 people, EdF has the biggest cash flow of any company in France totalling FFr 32bn ($5.4bn) last year as well as the largest level of debts, which amounted at the end of last year to FFr 222bn.

Mr Delaporte is also taking over at a particularly important time for EdF which is having to adapt to a phase of consolidation after a period of heavy investments and nuclear development. But Mr Delaporte is seen as a candidate likely to be well received both inside and outside the huge utility.

At the gas utility where he was managing director from 1979, he played a key role in the complex international gas supply negotiations of the French concern with Algeria and the Soviet Union. At one stage he had been tipped to take over as chairman of GdF.

Mr Delaporte takes over at EdF at the time when the French Conservative Government has encouraged the electricity utility to adapt and revise its pricing structures to improve the competitivity of French industry. Indeed, EdF recently agreed to special pricing agreements with Pechiney, the aluminium group, and Atochem, the French chemicals group, to improve their respective competitiveness in certain sectors.

Top switch at Credit National

BY GEORGE GRAHAM IN PARIS

THE FRENCH Government has appointed Mr Paul Mentre as the new managing director of Credit National, the state-owned industrial financing institution.

Mr Mentre replaces Mr Jean St Geours, recently elected chairman of the CIC banking group. A former Finance Ministry official and administrator at the International Monetary Fund, he has for the last eight months been a special counsellor to Mr Rene Thomas, the president of Banque Nationale de Paris, France's largest commercial bank.

Colleagues at BNP say, however, that he was wished on Mr Thomas, himself appointed by the last Socialist Government, by the incoming administration of Mr Jacques Chirac, and that his position has remained undefined and uncomfortable.

Mr Mentre joins Credit National at a time when it is moving rapidly away from its traditional role of dispensing subsidised credit into competitive lending. Only a quarter of its loans last year were state-subsidised, compared with 85 per cent in 1984.

Change of president for Nippon Steel

NIPPON STEEL Corporation, the world's biggest steelmaker, has appointed Mr Hiroshi Saito, 66, as president in succession to Mr Yutaka Takeda, subject to shareholders' approval at a meeting on June 26, reports Reuter from Tokyo.

Mr Takeda is to become chairman, and Mr Akira Miki vice chairman. Mr Eishiro Saito, the current chairman, who is also chairman of the Federation of Economic Organisations (Keidanren), a leading Japanese business organisation, is to act as honorary chairman and advisor. Nippon Steel is undergoing a rationalisation programme — aimed at meeting declining demand for steel products.

* * *

CITIZEN WATCH COMPANY, the Japanese specialist watchmaker, proposes that Mr Michio Nakajima, 60, now a vice president, should become president, on approval at a board meeting on June 26.

It is proposed that Mr Rokuya Yamazaki, 70, the current president, should move to the post of chairman.

Sandoz fills key executive post

BY JOHN WICKS IN ZURICH

A KEY post within Sandoz, the Swiss chemical group is to go to Dr Hans-Peter Sigg, 59, currently head of the pharmaceutical division.

Dr Sigg is to assume on September 1 the newly-created position of vice-chairman of the executive committee. This carries with it responsibility for the current business of all Sandoz product divisions and for a new unit formed to administer the parent company in Basle.

The move also means a seat on the board for Dr Sigg.

Dr Marc Moret retains his position at the head of the company, as chairman and managing director. However, the creation of the vice-chairman's post for Dr Sigg means that Dr Moret will delegate at least some of his managerial responsibility.

It seems likely that Dr Sigg will succeed Dr Moret in the top position when Dr Moret comes up for retirement, although Dr Moret declines to comment on this speculation.

Dr Sigg's appointment is part of a re-structuring in the Sandoz group management aimed at "increasing efficiency in managerial functions by a clear division of responsibilities."

Other appointments to come forward are those of Dr Ulrich Oppikofer as head of the Basle administrative unit, Dr Max Link as Dr Sigg's successor at the head of the pharmaceuticals division and Mr Daniel C. Wagniere to succeed Dr Link as vice-chairman and chief executive officer of Sandoz Corporation US.

Dr P. Reiser is to be head of the Agro-chemicals and seeds divisions, and Dr U. Baerlocher is to take charge of group strategy, legal and fiscal affairs and management development.

Foster Wheeler reshuffle

BY OUR FINANCIAL STAFF

FOSTER WHEELER Corporation, the diversified New Jersey group, with interests in such fields as international engineering, manufacturing and construction, has elected Mr William C. Reynolds, 61, chairman.

Mr Reynolds, who has been chief financial officer and executive vice president, takes over from Mr Kenneth A. DeGhetto, 62, who despite his retirement from this post is to remain a director of the company.

Mr David J. Roberts, 43, has been elected chief financial officer of the corporation, and a vice president.

Accountancy Appointments

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Unions 'gaining most' from strike ballots

BY PHILIP BASSETT, LABOUR EDITOR

EMPLOYERS AND trade union officials are increasingly seeing ballots on industrial action as a permanent part of negotiations – and it is mainly the unions which are securing advantages from them, according to Acas, the Government-backed conciliation service.

Acas says in its annual report that 1986 saw a "considerable quickening of pace" in the use of ballots in industrial relations since the main piece of ballot legislation, the 1984 Trade Union Act, came into force.

By the end of the year, the service says that 246 ballots on strikes had taken place, of which 189 (77 per cent) resulted in a majority in favour of action, with 54 against (22 per cent) and three tied. Acas believes that turnouts in the ballots were generally high, at 75–85 per cent.

Significantly, though, in only 20 of the cases where a vote had gone in favour, did some form of industrial action follow, leading Acas to conclude that "on a number of occasions ballots have been used by trade unions to demonstrate the strength of feeling among their members in ways which some managements have found difficult to counter."

But other occasions have shown that "members' support for officials' positions has been proved less forthright than had been claimed."

Strike-free agreements, or 'new style' deals as Acas prefers to call them, are largely endorsed in the report.

Acas says that as well as being featured in a number of foreign-owned companies operating in the UK, such deals are now being found "in an increasing range of indigenous organisations which have set up new plants and offices" and are "involving a growing number of trade unions."

Annual report, Acas, 11–12 St James Square, London SW1Y 4LA; Free

Sterling's strength slows gains for industry

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE COMPETITIVE gains for industry after last year's sharp depreciation of the pound have been substantially eroded by sterling's recent strength and the underlying trend of unit cost performance, say City of London economists.

The economists, at securities house Alexanders, Laing and Cruickshank, say in a report that a further large devaluation of the pound is needed this year to prevent the economic upturn reversing.

The prospects are for economic growth of only 2 per cent next year, even assuming a further 10 per cent depreciation against this year's rate of 3 per cent.

Assessments of Britain's relative competitive position have been clouded by unadjusted productivity figures showing a sharp improvement in unit cost performance compared with other countries.

This improvement mostly reflects cyclical factors – output in the UK has been rising while it has stagnated in West Germany and Japan.

The apparent gains in Britain are much smaller, if the comparison with other countries is made on a cyclically-adjusted basis.

These have also been eroded by sterling's rise over the past two months, so that most of industry's 11 per cent gain in competitiveness last year will have vanished by summer.

The economists' report says: "If sterling stays at its present level, our analysis suggests that the economy will now start to slow and in 1988 manufacturing output will stagnate, exports will slump and GDP will grow by little more than 1 per cent".

Sunday paper launch disappoints

By Raymond Snoddy

BRITAIN'S new left-of-centre tabloid, the News on Sunday (NoS), sold less than half its 1.5m print run on last Sunday's launch issue.

The newspaper, financed largely by trade unions and Labour-controlled local councils, sold 700,000 copies. Its planned regular circulation target is 800,000.

Mr Nicholas Horsley, chairman of the NoS, said yesterday: "We have a beach-head in the market and will now go on to produce an excellent paper read by millions."

The newspaper's staff concede, however, that the launch sale had not been as good as they hoped. The main problem appears to have been a lack of public awareness that the paper was about to launch: only 13 per cent of the population said they knew about the birth of the paper, although with prompting this percentage rose to 40 per cent.

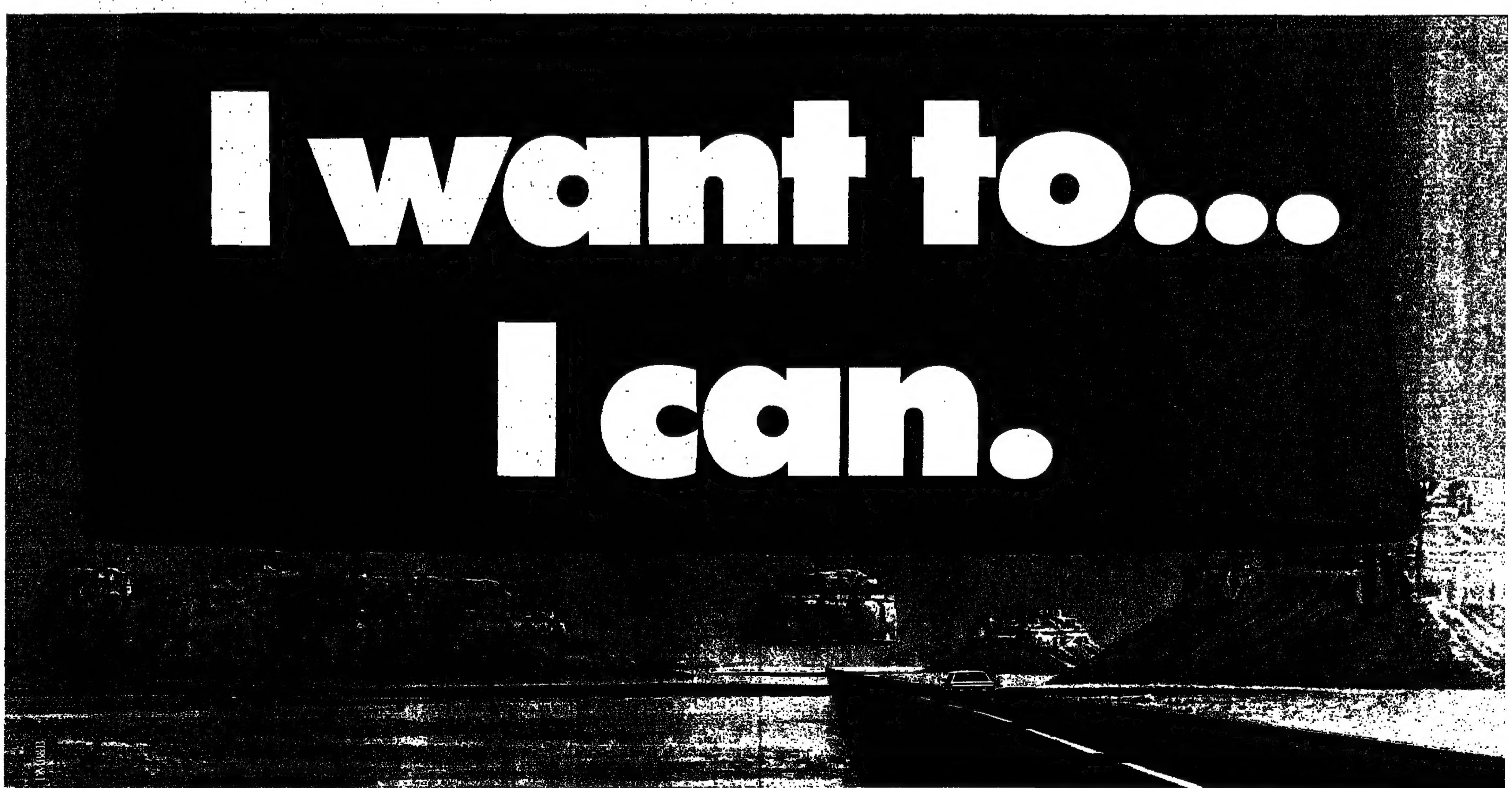
The NoS is taking heart from the fact that one in six of those who know about the paper bought it, and that sales were strong in the north of England, Scotland and London.

The paper is now launching an instant campaign on commercial local radio stations in England and Wales from today to try and rapidly increase awareness of the paper. Forty-second commercials are also being *taken off in favour of twice as* many 20-second slots.

The NoS believes the 700,000 sale represents a core readership which can gradually be built on. However, the newspaper will be looking anxiously to see what happens to sales of its second issue.

● The Star newspaper announced yesterday it planned to launch a new daily paper, The Star of Scotland, to compete with Mr Robert Maxwell's Scottish Daily Record and Mr Rupert Murdoch's Sun which has been making a special effort to increase its Scottish circulation.

The paper, which has hired four celebrity Scottish columnists, will be printed in Manchester, but no launch date has been given.



Midland cuts cost of Access credit

By David Lascelles

THE COST of borrowing on bank credit cards is coming down.

Midland Bank, a member of the Access card group, is reducing the monthly charge on credit card account balances by ¼ of a percentage point, from 2 per cent to 1¾ per cent.

This is equivalent to a reduction in the effective annualised percentage rate (APR) from 26.8 per cent to 23.1 per cent. The change will take effect on June 1.

Lloyds Bank, also an Access group member, is expected to announce a cut in its rate today, although it will be slightly smaller, from 2 per cent to 1.8 per cent.

NatWest, the third largest Access group member, said yesterday it had no immediate announcement on its card rates. Barclays, the largest card issuer in the UK with Barclaycard, said it was reviewing the position.

Midland's announcement, however, makes an all-round cut inevitable.

The downward trend in the loan rate follows Tuesday's half-point cut in the banks' base lending rate.

The cut will bring relief to holders of the UK's 20m bank cards, with about £5bn outstanding in bank credit card accounts, although it will also add further fuel to the current consumer borrowing boom.

The last cut in credit card rates occurred so long ago that bankers were unable yesterday to recall exactly when it was. The last change in rates was in mid-1985 when banks raised it from 1.75 per cent a month to 2 per cent.

It is seen as a welcome development politically for Mrs Margaret Thatcher, Prime Minister, as she considers the timing of the next general election.

Hugo Dixon writes: Midland Bank is to launch a new current account incorporating several innovative features on May 11, in significant change to bank current accounts.

The focus of the account, Vector, is a plastic card called Vector Card, which will almost eliminate the need for cheque books. It will operate much like a credit card except that transactions will be debited directly to the customer's account after a delay of a month.

Labour imposes suspension on black candidate

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE LABOUR Party leadership has prevented one of its black parliamentary candidates from standing at the next general election.

Ms Sharon Atkins, a candidate in the Nottingham East constituency, in the East Midlands, was suspended by the party's national executive committee (NEC) pending an investigation into possible serious breaches of the party's constitution. It follows allegations that she publicly branded the Labour Party as a racist organisation.

The leadership seems determined to ensure that her position will not be resolved before an early general election.

Ms Atkins is reported to have said at a meeting called to support the establishment of black sections within the party: "I do not give a damn about Neil Kinnock (Labour's leader) and a racist Labour party." She is also alleged to have claimed that she did not want to sit in parliament unless she could talk for black people.

The committee was told yesterday that a replacement candidate for the seat had already been chosen and imposed on the Nottingham constituency party. He is Mr Mohammed Aslam, a 58-year old Nottingham county councillor and Labour moderate who was runner-up to Ms Atkin at the time of her selection.

Mr Kinnock said before the NEC decision was made known that Labour's cause would not be advanced if candidates could call the party racist and get away with it.

After the NEC meeting, Mr Kinnock said: "The candidate in question made statements of such a lurid nature, so offensive and inaccurate that we have to investigate the propriety of her being a candidate. Because of the imminence of the general election, we had to adopt another candidate".

The move, in which Mr Kinnock played the leading role, is being seen as swift punishment for Ms Atkins' remarks and as a pre-election warning to other candidates to toe the party line, particularly on black sections, which are not permitted. It is also hoped the decision will have a benefical impact on Labour's electoral chances in and around Nottingham.

Mr Madhav Patil, a spokesman for the black sections movement, said the black community would be saddened by the decision as Ms Atkin was a very able candidate. Blacks would still vote Labour, however, as they had no alternative.

Mr Keva Coombs, the leader of Liverpool's Labour group, who yesterday appeared before the NEC in his capacity as a solicitor on behalf of Ms Atkin, said she had unsuccessfully sought a 14-day adjournment of the hearing. He said her remarks had been taken out of context and that she retained her full loyalty to the party.

Trade switch warning

BY IVOR OWEN

ANY DIVERSION of Japanese goods to the European Community resulting from discriminatory tariffs imposed by the US would lead to retaliatory action within two or three weeks, Mr Paul Channon, Trade and Industry Secretary, told the House of Commons yesterday.

He said that any retaliatory measures would be imposed by the Community and not by individual member states.

Mr Channon gave an assurance that when he meets Mr Hajima Tamura, the Japanese Trade and Industry Minister, in London today he will underline the strength of feeling about the need for Japan to open up its markets to a greatly expanded range of British exports.

He identified the barriers placed against Scotch whisky exports as one of the specific issues to be discussed.

Chernobyl operators 'flouted rule book'

By David Fishlock, Science Editor

SO MANY rules were flouted by Soviet nuclear reactor operators at Chernobyl that it must have been regular practice, a major British study of the Chernobyl nuclear explosion has concluded.

The report, by a team representing the British nuclear industry, says it is not credible "that this was the one and only time on which they behaved in this manner." The explosion occurred because of design shortcomings which led to an instability so severe that it could not be corrected through the reactor's automatic control rods.

The main design shortcomings were characteristics which made the reactor intrinsically unstable below 20 per cent power, and automatic shutdown system that functioned too slowly, and no physical controls that prevented operators running it in an unstable condition or with its safety systems out of action.

The report says some points of detail remain to be resolved, but it is now understood why the accident happened, what happened, and how it should have been prevented. As a result "it seems certain that a Chernobyl-type accident could not happen in the UK."

Five reasons are given for this conclusion:

- British safety rules require reactor designs having intrinsic characteristics that provide inherent protection;
- The natural defences are supplemented by engineered features to prevent, limit, terminate and mitigate any faults;
- If the operator errs, the system will shut itself down;
- UK operators are highly educated and trained, not just for routine operations but to cope with the unexpected;
- All nuclear operations are overseen by an independent Nuclear Installations Inspectorate (NII) with the authority to shut down any licensed reactor.

Mr Eddie Ryder, chief nuclear inspector, said the NII had not participated in the report, which drew its authors from the authority and the National Nuclear Corporation.

The Chernobyl Accident and its Consequences. HMSO. £14.00.

WAY CLEARED FOR LEGAL PROCEEDINGS AGAINST NEWSPAPERS

Contempt action to go ahead

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THREE NEWSPAPERS were guilty of contempt of court in publishing details of an alleged plot by MI5 (counter-intelligence service) officers to destabilise the Labour Government in 1974, the Attorney-General, Sir Michael Havers, claimed in the London High Court yesterday.

Sir Michael was given permission to start contempt proceedings against the Independent, the London Evening Standard and the London Daily News, and their editors, over their publication on Monday of summaries and extracts from parts of "Spycatcher," the book by Mr Peter Wright, a former MI5 officer, which the UK Government is trying to stop being published in Australia.

If contempt is proved the newspapers could face substantial fines and their editors could be jailed.

Mr John Laws, for the Attorney-General, told the court that last July the Court of Appeal had upheld temporary High Court injunctions stopping the Guardian and Observer newspapers further publishing Mr Wright's allegations.

That case, which was due to go on final appeal to the Law Lords on June 15, had involved extended argument about the balance of the public interests in publication and in keeping the security services secure.

The specific purpose of the injunctions had been to preserve the confidence of material attributed to Mr Wright until the matter was fully tried, Mr Laws said.

Monday's articles in the Independent, the London Evening Standard and the London Daily News expressly and directly thwarted that purpose in the clearest possible way.

The three newspapers had, in effect, "decided that their judgment upon what the public interest requires now – not after trial of the Guardian and Observer proceedings, but now – should be substituted for, or prevail over, or run as a rival to, the judgments of the High Court judge and the Court of Appeal upon this very same issue of the balance of public interest," Mr Laws said.

Since the articles did, or, at the very least, arguably did, the damage that the injunctions were designed to prevent, they were clearly arguably contemptuous: "If parties knowingly do acts which clearly will thwart the court's intention in granting an injunction that, as a matter of commonsense, is contempt."

Although the Independent and the London Daily News had not started publishing when the Appeal Court's orders were made there was ample evidence that they must have known about them.

The three newspapers, Mr Laws said, "have hijacked the processes of the court, and that must be a contempt."

Mr Laws said that on Tuesday the Guardian's solicitors had indicated an intention to seek to discharge the injunction against it "in the light of events", and it was understood that the Observer would be making the same application. That, said Mr Laws, could only be as a result of Monday's articles.

Mr Charles Gray, QC, for the London Daily News and its editor, asked that the contempt proceedings be tried as soon as possible. He said the newspaper was not interested in publishing genuine official secrets or legitimate confidential information.

"But the articles complained of focused on the supposed plot to unseat a democratic government. That, if it took place, is so much the antithesis of what the security services are supposed to be doing that it is very difficult to see how there can be any obligation of confidentiality."

The London Daily News, Mr Gray said, was concerned that the contempt proceedings would inhibit it from publishing matters of public interest raised by Mr Wright's memoirs, such as the Government's appeal, due to be heard in New South Wales, Australia on July 27.

Miss Adrienne Page, for the Independent, endorsed Mr Gray's request for an early hearing, subject to the newspaper being given sufficient time to prepare its defence.

The London Evening Standard was not represented.

Lord Justice Watkins said the matter would be heard "as soon as practicable."

The Independent is bound by an undertaking it gave to the court on Monday not to publish further material from Mr Wright's book. The undertaking was given in proceedings started against the Independent by Heinemann Publishers Australia, Mr Wright's publishers, alleging breach of confidence and infringement of copyright.

Minister calls for drive to raise level of management education

BY MICHAEL SKAPINKER

LORD YOUNG, employment secretary, yesterday called on chief executives to lead a crusade for the improvement of management education and development in Britain. He was speaking after publication of two reports which said Britain needed to increase substantially the quantity and quality of its management education.

Lord Young told a conference on Enterprise Success and Jobs organised by the National Economic Development Council and the Financial Times, that if industry gave its support the Government would respond with practical measures.

He said that with Mr Kenneth Baker, Education Secretary, he was investigating the initiation of new programme to ensure that those obtaining higher qualifications in any subject also had the opportunity to acquire management skills.

He added that the Manpower Services Commission (MSC), which administers the Government's employment programme, would look at the possibility of funding experiments in management education, with business schools and universities, colleges of further and higher education and private sector providers. The MSC would also review management education and training opportunities for existing managers to see what obvious gaps were and how these could be filled.

Mr Thomas Furtado, director of employee communications for the Pratt and Whitney group, said that apart from maintaining the profitability of their business, management had a duty to perpetuate itself by identifying and training successors. He said that if management did not do so it would cease to be a viable institution. Pratt and Whitney attempted to identify managerial candidates early in their careers and put them through planned programmes of work experience and training.

Dr Vittorio Bellisario, managing director and chief executive officer of Italtel, the Italian state-owned manufacturer of telecommunications equipment, said that European and US managerial models were becoming increasingly similar. On the other hand, labour markets in the US and Europe were still very different. Europe's market was fragmented, whereas the US could look to an entire continent for its labour.

Prof Charles Handy of the London Business School, the author of one of the reports on management development, said that his team saw nothing in competitor countries which did not also exist somewhere in Britain. There were British companies with high standards of management development. There were simply not enough of them. He said Britain's economic revival owed more to its successful managers than to the Government.

Mr Norman Willis, general secretary of the Trade Union Congress said that industrial success could not be left to management alone. It would demand the democratic participation of the workforce. Although British managers had run away from risks and challenges, trade unions had to take some blame for not coming to grips with the need to promote successful companies. Employees had to learn to read balance sheets, spot signs of declining quality and keep management on its toes.

Mr Michael Heseltine, deputy chairman of Imperial Commercial Gas, said that organisations needed to integrate a comprehensive approach to the development of their people in their corporate plans. In the 1990s competition between companies would be competition between workforces.

Mr Tony Gill, group managing director of Lucas Industries, said that companies which placed less emphasis on training could not be prevented from poaching people from companies which invested heavily in employment development. But he said it should be possible to find some device – such as preferential tax treatment of training costs – to reduce the injustice and imbalance of the cost burden.

Mr Bryan Nicholson, chairman of the MSC, said that by 1993 Britain would have 30 per cent fewer young people entering the work force. This meant that it was vital to begin equipping them with business and technical skills and particularly to increase the training of young women. He added that the majority of those who would be managers in the beginning of the next century were already in the workforce and their skills urgently needed to be upgraded.

Ward and Saunders meet court deadline

By Raymond Hughes

MR ERNEST SAUNDERS, former head of Guinness, the drinks group, and his fellow director, US attorney Mr Thomas Ward, yesterday obeyed High Court orders that they disclose details of their dealings with a disputed £5.2m consultancy fee paid to Mr Ward by Guinness.

London solicitors for Mr Saunders, who is in Switzerland, and Mr Ward, who is in the US, said that the two men had sworn affidavits, copies of which had been lodged with the court and given to Guinness's solicitors.

Yesterday was the deadline for disclosure imposed by a High Court judge when he ruled on April 15 that the alleged agreement between the two men that Mr Ward would be paid £5.2m could not have been lawfully made.

Mr Ward's solicitors, Calow Easton, also said yesterday that other orders made against him had either been complied with or were in the process of being complied with.

Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, ordered Mr Saunders to disclose, with relevant documents, all dealings in £3.029m of the £5.2m that passed through the account at Union Bank of Switzerland he had lent to Mr Ward, while it was in that account. Mr Saunders also had to disclose any other information he had about the £5.2m and to identify his assets in the UK.

Mr Ward was ordered to swear an affidavit disclosing all his dealings in the £5.2m since it was paid to him via Marketing and Acquisition Consultants, a Jersey company, in May last year.

Guinness and its lawyers will now study the affidavits to satisfy themselves that Mr Saunders and Mr Ward have given the fullest possible disclosure as required by the court. If the company is not so satisfied it is likely to return to court and complain that the two men have not fully obeyed the orders.

The disclosure orders were among a number made by the Vice-Chancellor when he ruled that the alleged agreement could not have been lawfully made because it had not been disclosed to the full Guinness board as required under the Companies Act and Guinness's Articles.

The judge continued, until full trial of the action, temporary orders made last month freezing Mr Saunders' and Mr Ward's UK assets up to £5.2m.

He said that Mr Ward had no defence to Guinness's claim to the £5.2m, and that he was satisfied that, in the absence of a freezing order, there was a real risk that Mr Saunders would transfer his assets abroad or otherwise dissipate them.

Mr Ward was ordered to transfer into a dollar account in London in the name of his English solicitors the \$2.002m he claims is the balance of the £5.2m in his hands; to assign to the solicitors a \$100,000 loan and a \$320,000 investment made out of the £5.2m, and all other property under his control representing the £5.2m; and to transfer to the solicitors his right to recover \$4.7m of the £5.2m paid in US taxes.

Mr Ward was also ordered to place in a separate account in his solicitors' name the \$25,000 he received from the sale of 5,000 Guinness shares in the US.

His solicitors, Calow Easton, said yesterday that those orders had all been complied with or were in the process of being complied with.

The orders were made to preserve the £5.2m pending full trial of Guinness's action and Sir Nicolas said in his judgment that he was not expressing any view on whether the company's allegations against Mr Saunders and Mr Ward – which they strenuously denied – would be proved.

Williams fails in £570m bid for Norcros

By Clay Harris

WILLIAMS HOLDINGS, the fast-growing industrial conglomerate, yesterday suffered its first outright defeat in a contested takeover bid when its £570m offer for Norcros narrowly failed.

When the bid expired yesterday afternoon, Williams owned, or had received acceptances for, 48 per cent of the larger company's shares.

The battle ended amid exchanges of the type seen throughout the bid: about the merits of Norcros's management of its diversified interests in building products, retailing, printing and property development.

Mr Ken Roberts, Norcros chairman, said Williams had miscalculated: "They really believed what they said about us, that we were a tired, worn-out management, and they found out that we're not."

But Mr McGowan, Williams chief executive, maintained: "Some institutions told us that Norcros's management performance was not quite bad enough for them to accept our offer."

The narrow defeat raises questions about two aspects of the Williams bid: its decision to cut short the offer period by nearly a month and its insistence that its first offer was final.

Williams lost flexibility to improve the offer by, for example, not allowing accepting shareholders to retain Williams, final dividend. This would have made the bid more attractive to income funds which, under its actual terms, faced a nine-month gap without dividends.

Mr McGowan agreed that future bidders were likely to be discouraged from making one-shot offers.

Williams has seen its market capitalisation grow from less than £500,000 to £350m in the six years since Mr Nigel Rudd and Mr Brian McGowan took control.

- Williams shares lost 25p yesterday to close at 742p. Norcros recovered from a sharp fall after the result was announced but still closed 47p lower at 382p.

Consumer spending falls 1.2% in March

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

SPENDING IN British shops showed an unexpected fall last month, according to the latest official figures, but the signs are that the consumer spending boom may soon pick up again.

The Department of Trade and Industry (DTI) said that its index of retail sales fell by 1.2 per cent in March following a steep rise the previous month. Officials said they had no obvious explanation for the dip, but believed the underlying trend in sales remained upwards.

The pattern of consumer spending over the past few months has been complicated by a number of factors, including the severe winter and the timing of Easter. The DTI's decision to rebase its index to take into account more detailed information on spending patterns may also have blurred the month-to-month comparisons.

Over the next few months several factors, including the tax cuts announced in the Budget, and lower mortgage rates, are expected to contribute to a upturn in spending.

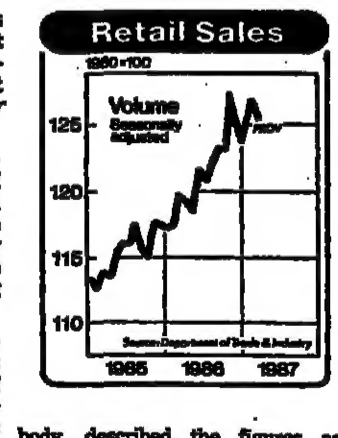
The latest figures could, however, be an early sign of a slowing in the consumer boom, reflecting the fact that higher inflation is curbing real earnings growth.

Taking the last three months together, the latest figures show that sales were 5 per cent higher than in the corresponding period a year earlier, although 1 per cent lower than in the previous three months.

The rebased index stood at 125.5 (1980=100) in March, against 127.0 in February.

Christopher Parkes writes: Retailers appeared puzzled by the dip, but they agreed that sales were probably affected by the lateness of Easter, which fell in March in 1986 and April this year.

Mr Richard Weir, director general of the Retail Consortium, the industry's main representative body, described the figures as "slightly depressing." However, he stressed, that sales had grown and "we have not actually gone backwards."



As well as the lateness of Easter, he said rainy weather during March might also have had some effect, as the cold had done in January.

He could not identify any sectors which had done particularly well or badly. Consortium members had been "surprisingly shy" in their responses to his monthly inquiries.

However, Easter was normally a particularly busy time for the fashion and footwear business. Mr Weir expected this seasonal surge to show through in the current month's figures, especially since the weather had been so favourable around the holiday weekend.

The official figures confirm the findings of the latest distributive trades survey carried out by the Financial Times and the Confederation of British Industry.

March sales had failed to live up to expectations, although clothing, do-it-yourself, hardware and china retailers reported the best results.

مكتبة مصر الأهل

Restoration of normal profitable trading in all sectors of the diamond industry

Extracts from Julian Olgivie Thompson's Statement for 1986

1986 saw the restoration of normal, profitable trading in all sectors of the diamond industry — a development that had a collective significance too, in that it confirmed the fundamental soundness of the diamond business and its structure, and demonstrated once more the effectiveness of De Beers' centralised selling system.

Total sales of rough diamonds by the Central Selling Organisation rose by 40 per cent to US $2,557 million. During the year the CSO came to sell all qualities and sizes of rough diamonds, so that for the first time for many years demand for rough diamonds from the CSO was back in balance with current production available from its many sources around the world. In fact there was a reduction in our stocks caused by a small build-up in the cutting centres from an exceptionally low base and to service greater consumer demand.

Higher diamond jewellery sales

World retail sales of diamond jewellery attained yet another record and there was an encouraging increase in demand for better quality diamonds of a carat or more, especially in Japan. Sales in the United States grew by some 10 per cent and there were satisfactory increases in each of the other major markets. In part this was the expected result of the substantial fall in the dollar, the currency in which rough and polished diamonds are effectively priced. This fall complicates calculation of the increase in world sales but our estimate is 14 per cent, which by any standards is substantial. It is pleasing to note that there has been no undue increase in the utilisation of bank finance in the cutting centres, the higher turnover being largely financed with the industry's own funds.

There is a mood of confidence in the cutting centres and in the retail trade which augurs well for 1987, given no unforeseen developments, the anticipated growth in the world economy, and continued co-operation by producers. Demand at the first three sights has remained buoyant, though the movement of this off-take of rough diamonds through the pipeline into retail sales will have to be carefully assessed.

Group results for the year were good, notwithstanding the higher rand/dollar exchange rate at the year end.

Expressed in dollars at the year-end exchange rates, earnings before retained profits rose by 38 per cent to $349 million or $0.97 a share and, including retained profits, by 31 per cent to $527 million or $1.46 a share.

Record dividend

Total dividends on the deferred shares were increased by 45 per cent to a record 80 cents a share. The dividend was 2.6 times covered by earnings, compared with 3.3 times the previous year.

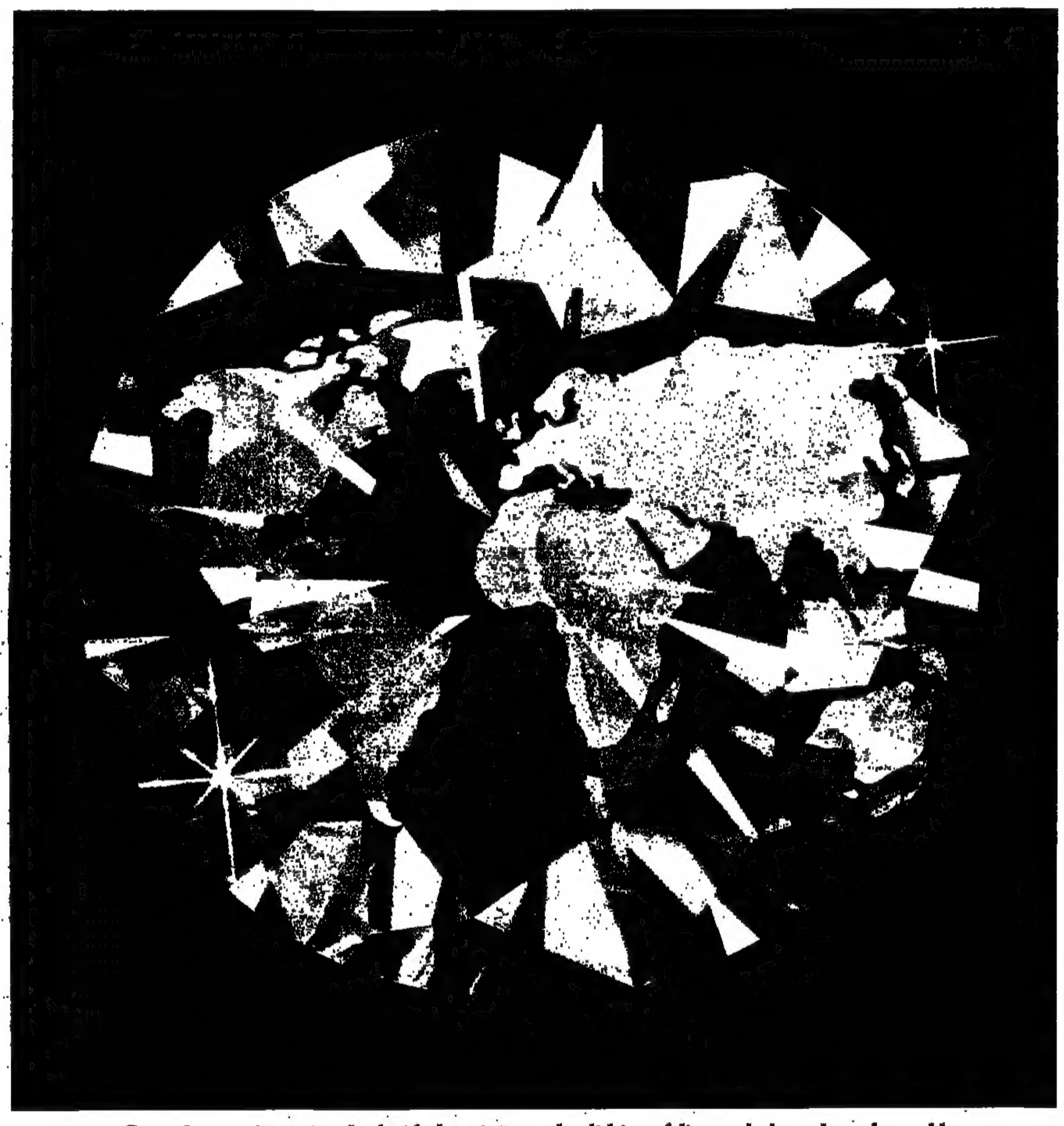
Group diamond stocks, at $1,847 million were $51 million lower than the previous year. Our stockpile is soundly and adequately financed and we remain entirely willing to carry large stocks to ensure — in the interests of the whole industry — that unsound trading and speculation does not arise again as it did in the late seventies.

Our Industrial Division had another satisfactory year with total sales reaching a new high and profits in dollar terms marginally ahead of 1985. Sales of natural diamond were again disappointing, owing to a further decline in oil and base-metal exploration. Synthetic grit sales increased in all major categories and more than compensated for the fall in natural diamond products.

The Diamond Research Laboratory continues to be active in its major lines of research: the investigation and development of products which will permit natural and synthetic diamond and diamond-related materials to enter new fields of application, and the steady improvement and, more especially, enlargement of high-pressure equipment for synthetic diamond production.

Production from De Beers' mines and Debswana, which De Beers holds in equal partnership with the Government of Botswana, was 3 per cent higher at 23,945,000 carats.

We have maintained the scale of our worldwide prospecting programme. The latest viability study of the Venetia pipes in the northern Transvaal has shown that they are not economic under current assumptions as to revenue, capital, infrastructure and working costs, and taxation capital allowance base. We have approached the authorities on those matters which they can influence. We shall do all we can to turn this important discovery to account as soon as possible.



Over 40 countries are involved with the mining and polishing of diamonds throughout the world.

CDM finances 33 per cent of the prospecting work by Anglo American Corporation in Namibia, which in 1984 led to the discovery of a gold deposit on the farm Navachab, north-west of Windhoek. It is hoped that the feasibility study currently in progress will prove a small mine to be viable.

Equal opportunities for employees

The Company continues to strive for equal opportunity for all its employees and to ameliorate, as far as lies within its power, the disadvantages that flow from the existence over the years of discriminatory legislation. The abolition of statutory job reservation in the mining industry, which we have urged for many years, has again been delayed by the Government. However, following the repeal of influx control, our South African mines are urgently planning a major expansion of the Company's home-ownership scheme. Regrettably this still has to be done within the constraints of the Group Areas Act. Our objective is that all South African employees should be free to choose between living with their families in their own or rented homes, or singly in hostels. We will need Government co-operation in the proclamation of land and the provision of the necessary community infrastructures.

In the context of mitigating the effects of an inferior educational system, it is encouraging that greater success is being achieved with the Pre-University Bursary Scheme for prospective black undergraduates, which is run jointly with Anglo American Corporation. The purpose of this scheme, in line with our policy of merit-based manning, is to help black graduates to qualify for management positions in the Group. We continue our substantial in-service training and educational schemes, and through The Anglo American and De Beers Chairman's Fund to finance and facilitate major education and technical training projects in southern Africa. While the Fund concentrates its resources on education, in one way or another it is involved in the betterment of virtually every aspect of South African society, and its new commitments in 1986 exceeded R53 million.

Last year I noted that the Government had announced and was in the process of implementing a number of reforms, and indeed its abolition of certain restrictions on black people constituted a significant movement toward greater racial equity which has materially eased their daily lives. These changes, however, were but part of the necessary process of paving the way for properly representative negotiations on the country's constitutional future. I had hoped that further initiatives would soon follow but that, alas, was not to be.

Unfortunately the process of change became seriously inhibited by the growing unrest, which was encouraged in part by rising political expectations among blacks and the attitude of excitable people in the international community and the media.

The ill-starred and simplistic approach of the Eminent Persons Group, which appeared to see South Africa's problems solely in terms of the African National Congress and the South African Government, was followed on the one hand by attacks on ANC bases in neighbouring territories and the re-imposition of the State of Emergency, and on the other by the introduction of further sanctions by the United States and the European community. In the aftermath the report of the President's Council on the Group Areas Act, which many had expected to be the next major item of reform, was shelved, and the important and innovative proposals of the widely representative Indaba for a multi-racial constitution for the KwaZulu/Natal region appear effectively to have been rejected by the Government. To my mind there is no question that it was the adoption of more punitive sanctions by Western nations that caused the Government to call a halt to reform initiatives, a decision that in turn impeded the nascent recovery in the South African economy. Proponents of sanctions, however, prefer not to see that in South Africa economic recovery and political reform are like Siamese twins: neither can flourish without the other.

Abolition of apartheid

Campaigning for the election to be held in May for the White Chamber of Parliament suggests that a larger section of the electorate than had generally been expected has swung to the view — which we have long advocated — that Government must press ahead with the abolition of the remaining vestiges of apartheid in order that negotiations without pre-conditions — other than a cessation of violence — can begin on a constitution that will enable all South Africans to participate fairly and fully in the political process, that offers equal economic opportunity to all, and has an entrenched Bill of Rights. We must hope that the election will show that this view now has such an influential measure of support among white voters that it will materially facilitate and accelerate reform.

Diamond Congress

Last July a number of my colleagues and I attended part of the 23rd World Diamond Congress of diamond bourses and manufacturers in Tel Aviv, where we were able to renew old acquaintances with many of the leading personalities and meet the younger generation in the diamond business, all of whom had played their part in bringing the industry through its most difficult period for 50 years. It was appropriate that the congress should have been held in Israel which was the first centre to be hit, and perhaps the hardest hit, by the depression, and whose ingenuity contributed so much to the subsequent recovery. Israel and the other cutting centres, as well as the producers, may be sure that all of us in De Beers and the CSO will continue to play our full part in the maintenance of prosperity in the diamond business.

The full Chairman's Statement is contained in the Annual Report of the Company for the year ended 31st December 1986 which was posted to registered Shareholders on 29th April 1987.

De Beers Consolidated Mines Limited
(Incorporated in the Republic of South Africa)
London Office
40 Holborn Viaduct, London EC1P 1AJ.

De Beers

Chief Production Accountant

S.E. Engand **circa £20,000**

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The successful candidate will be a qualified cost and management accountant, aged between 30 and 35, with a sound manufacturing background within an electronics/engineering environment and will possess drive, initiative and self-motivation as well as having the ability to demonstrate organisational and communicative skills necessary for success.

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A second European language facility in FRENCH, GERMAN, DUTCH, ITALIAN or NORWEGIAN would be advantageous and explicit assistance is available from the company for linguistic improvement.

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Connaught

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Management Accountant

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In return we are offering a competitive salary plus a generous range of benefits which includes a company car.

This is an excellent opportunity to combine personal development with career progression.

Please telephone Diana Greasley, Personnel & Training Officer, on (0252) 543333 ext 233 for an application form or write enclosing a detailed CV to the address below.

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The company's continuing growth has created the need to strengthen the Finance function through the appointment of a high calibre young accountant who will take immediate responsibility for a department of twelve and who, in the long term, must be capable of moving into a more senior role.

We would therefore like to talk to qualified accountants probably in their mid-twenties who have two or more years post qualifying experience in a fast moving industrial or service sector.

The selection process will concentrate upon identifying those who, in addition to their accounting skills, combine positive leadership and communication qualities, a high standard of computer literacy, and an ability to react flexibly to the demands of a high pace environment.

My client offers a competitive salary and an attractive range of employment conditions.

Applicants of either sex should apply in confidence to Michael Johnson on (0962) 53319 (24-hour service) or write to Johnson Wilson & Partners Ltd., Clarendon House, Hyde Street, Winchester, Hampshire SO23 7DX quoting ref. 738.

Johnson Wilson & Partners
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Reporting to the Chief Accountant the successful candidate will be responsible for managing the accounting for the Group's major U.K. trading company. This will involve enhancing and developing regular routine controls to ensure tight deadlines are met, and supervising up to 10 staff.

In addition you will be required to assist the Chief Accountant with ad-hoc projects, one of which will be the implementation of a mainframe computer system.

Suitable candidates will be either recently qualified accountants with the ability to develop within a fast moving environment or qualified accountants with relevant experience.

Please apply directly to Suzzane Wood at Robert Half Personnel, Mountbatten House, Victoria Street, Windsor, Berks SL4 1HE. Telephone: 0753 857181, evenings 01-876 5405.

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Many of the senior management positions in the group have been filled in the past from members of the central team and the position therefore offers enormous scope for an ambitious and energetic accountant.

The successful applicant, male or female, will be a chartered accountant, 30–35 with a good academic background and progressive experience in practice and industry.

A substantial salary will be paid and generous fringe benefits, including car, are available.

Applications should be made to:
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Cash and Currency Accountant

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We are now seeking an experienced TREASURY ACCOUNTANT to manage our sterling funds and our foreign currency dealings. This will involve regular communication with our bankers, the preparation of short, medium and long term cash flow plans and the reporting to the board on performance in this vital business area.

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Preferably a graduate, you must have a recognised accounting qualification and at least two years post-qualification experience in cash/funds flow and currency in a commercial environment. Strong interpersonal skills, a thorough knowledge of banking procedures and of Money and Foreign markets are essential.

In return, we offer a salary of £18,500, a company car and BUPA, plus a wide range of other benefits including profit sharing bonus, pension and discount schemes after qualifying periods. You would be located at our Chief Accountants office in Streatham, South London and assistance with relocation will be given where necessary.

If you feel you have the right blend of personality and expertise, please write enclosing a detailed c.v. to Carolyn Gray, Recruitment Manager, J Sainsbury plc, Wakefield House, Stamford Street, London SE1 9LL. Tel: 01-921 7518.

SAINSBURY'S

Chief Accountant

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Our client is the market leader in a highly specialised sector of the food industry with an outstanding record of growth and current annual turnover of around £65 million achieved through significant exports as well as a buoyant home trade. They are also part of a major British food group.

Recent internal reorganisation at their headquarters in the heart of rural Hampshire has created a vacancy for a Chief Accountant who will assume overall responsibility for the accounting functions of the company plus a number of subsidiaries and associated companies.

Managing a team of 30 professional and clerical staff, this is very much a hands-on role with exceptional opportunities for you to make a personal impact, through assessing current systems and practices, as well as recommending and implementing improvements where necessary.

Aged 30+ and professionally qualified you will combine significant experience in all aspects of computerised accounting, preferably in a high volume manufacturing environment, with first class communication and man management skills. In addition, the confidence to operate at a senior level with both internal and external contacts will be complemented by an innovative approach to accounting plus the desire to significantly influence the success of the company.

Salary will be in the region of £21,000 and the substantial benefits package includes a company car, BUPA and relocation where appropriate.

Please write enclosing a detailed c.v. and stating current salary, quoting ref: 4494, to: S Stephenson, Moxon Dolphin & Kerby Ltd., 178-202 Great Portland Street, London W1N 6JJ, listing any companies to whom you do not wish your details sent.

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(Designate)

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Applicants should write with full personal and career details, quoting reference number AFK 257, to Neil Sampson, Austin Knight Advertising UK Limited, 22 Prospect Place, Welwyn, Herts, AL6 9EN.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter.

Austin Knight Selection

THE ARTS

Dance Theatre of Harlem/New York

David Vaughan

For the second year in succession, Dance Theatre of Harlem's New York season has taken place not in midtown Manhattan but closer to home, at Aaron Davis Hall of City College, at 134th Street. These seasons have been given under the rubric "Harlem Homecoming," and have attracted an enthusiastic neighbourhood audience. In response to this welcome, the company has been dancing at top form, though at times the dancers looks a little cramped on a stage much smaller than those of the London Coliseum or the Metropolitan Opera House, where they have performed previously. The first act of *Giselle* looked especially confined, with needed space taken up by scenery and supernumeraries.

The programmes included the company's first New York performance of Jerome Robbins's *Fancy Free*, a worthwhile acquisition even though two other New York companies dance it. In the DTH production, staged by Sara Leland, the relationships of the three sailors and the women they try to pick up are freshly and sweetly imagined. The ballet regained a quality of innocence it has lost at American Ballet Theatre and never had at New York City Ballet (except in the performance of the late Joseph Duell), and the dancers — Donald Williams, Cubie Burke, Tyrone Brooks, Charmaine Hunter, Christina Johnson, and Theara Ward — showed their ability as dramatic artists in their portrayals of distinctive individual characters.

Arthur Mitchell, the artistic director, is known to be planning an ambitious, evening-length work in collaboration with Billy Wilson on the subject of the history of the Afro-American race. Part of this was presented as a work in progress, *Phoenix Rising*, Part I: The Birth. The aspiration — to create a ballet inspired by the life of the Reverend Martin Luther King — is noble. The result, so far, looks like another of DTH's pseudo-ethnic numbers, such as Geoffrey Holder's *Dougla*. Because the choreography this time is by Mitchell and Wilson, there are more steps than in Holder's ballets; on the other hand, because the piece is designed by Holder, it certainly looks elegant. The company dance it with all their usual conviction. Final judgement, clearly must await the completion of the whole work.

The other new work of the season was a fully achieved, strikingly original ballet by Garth Fagan, his first for a company other than his own Bucket Dance Theatre and his first, I think, to use ballet technique. *Footprints Dressed in Red*, which had its premiere in Florence last summer, is one of a series of commissions by the National Choreography Project, which has paired modern dance choreographers with ballet companies in an attempt to make up for the lack of choreographic talent within those companies.

Like Merce Cunningham, Twyla Tharp, David Gordon, Mark Morris, and other modern (or "post-modern") choreographers who have made work for ballet dancers, Fagan is interested, among other things, in virtuosity, and in exploring the enlarged possibilities for it available in a ballet company.

He certainly appears to be at home in what is for him a new vocabulary, making arresting dance phrases that re-order without violating classic ballet syntax. He links steps in unconventional ways, elminating the usual transitions. The Harlem company tends to dance Balanchine at a more relaxed tempo than City Ballet, so that the steps lose some of their sharpness.

Fagan, driving the dancers to the insistent rhythms of an exciting score—John Adams's "Grand Pianola Music"—challenges them to take risks of speed, balance, and elevation. Led by Christina Johnson, Virginia Johnson, Lorraine Graves, Donald Williams, Eddie Shellman, and Lowell Smith, they have never looked more proud and exultant than in this demanding, beautiful choreography made for them, for their bodies and their personalities. They look gorgeous, too, in Giovanna Ferragamo's bold and beautifully cut costumes, which leave one leg and one arm bare.

Lowell Smith and Lorraine Graves in "Footprints Dressed in Red"

(The title notwithstanding, the costumes are in blue and purple.)

There are a few structural weaknesses in the piece — too many passages for three of four couples all doing the same thing, which is never interesting, too many lateral or diagonal crosses by single dancers. But these are minor flaws, forgotten in the overall sweep and flux, and in the astonishing audacity of the ballet's ending: the music stops, and there are three solos in silence, for two women and for Carl Jonassaint, the company's extraordinary talented young danseur. It is not so much a conclusion as the opening up of a whole range of new possibilities.

Madam Butterfly/Glasgow

Max Loppert

In June 1962 Scottish Opera came into existence with a production of *Madam Butterfly* conducted by Alexander Gibson. Since that time the progress of the company has seen triumph followed, more recently, by an unfair share of both artistic and financial uncertainty. The new *Butterfly* that opened on Tuesday at the Theatre Royal, Glasgow, marks three important events — the company's silver jubilee, the farewell appearance of Sir Alexander as music director, and the first operatic production by the Spanish theatre director Nuria Espert. The triumph of the performance, a superbly strong, fine-tuned piece of music theatre, must encourage fair hopes that, artistically at least, the company is once again a positive force in British opera.

Espert takes the text — the familiar final version of the opera, not (I slightly regret) the longer, undiluted original—and plays the drama entirely from within it. Innovations, such as the gentle shift of period forward to the 1920s or the ironic re-phrasing of the ending, seem to spring from an elementally fresh and natural feeling for the work as it is, not as the producer wants it to be.

Perhaps the most important fresh detail is created by the regular designer of Strehler and Espert herself, Ezio Frigerio, who once again proves himself one of the few great visual artists of the modern theatre. The house on the Nagasaki Hill is not a quaint paper doll's house: Cio-Cio-San occupies the ground floor of a stacked-up tenement, open to the light and sea air but also pieced together with rusted corrugated iron. Poverty, the constant light tread of watchful neighbours on upper landings, and the prominent position of a single wisteria tree—in flower in Act 1, bare-branched thereafter—combine to evoke a spare oriental dramatic poetry that is no less poignant for being veined with harshness.

The genius of this whole production is to be discerned in the way the modern clichés of the latest *Butterfly* productions are avoided, and yet all the socially critical insights (which those productions heavily underline) that Puccini originally intended are allowed to emerge with the most trenchant subtlety. It is no over-simplification to say that a woman producer of this opera has been able to peer deeply into its core.

The themes of the power of male money to buy and then destroy female beauty, of the shut-in quality of Butterfly's vigil and the peculiar obsessive energy of her persistence in it—these run through the performance with the fleetness of quicksilver and the strength of tempered steel.

The sheer rightness and fluency of the stagecraft on show Tuesday were unforgettable, all the more so because of the passionate honesty that has engendered it. As a piece of operatic theatre this new *Butterfly* is fit to rank with Peter Stein's *Otello* for Wales: in both, tradition has been renewed by profound human sympathy.

The distinctness of the central character indicates a marvellous meeting of minds between the director and a young but already experienced leading soprano. The domination of Yoko Watanabe (a recent Covent Garden Butterfly) is total: the perception of the character goes beyond superficial national advantages to create an indelible new image of oriental suffering, graceful and fearful, strong yet cruelly deluded, a victim of a social pattern yet able to rise above it with heroic self-destructiveness. By conventional Italian opera standards the fluttery quality of the voice and its intermittent constrictions at the top should prove limitations; a singer so completely inside the music and the role must always triumph over technical frailties.

The rest of the cast, while inevitably less centrally placed, fit with the same dexterity into the total vision. Norman Bailey's grizzled American consul is one of his very best parts; Anne-Marie Owens' Suzuki likewise. Incisive sketches of Goro (Neil Jenkins), the Bonze (John Tranter) and Kate Pinkerton (Clare Shearer) must be singled out; the whole cast is without weakness. Perhaps the Pinkerton of the Finnish tenor Seppo Ruohonen suffers a relative lack of definition, though the effect is in fact to add another delicately charged irony. His singing is not Mediterranean in accent but it is well-schooled, free and skilful.

After some recent disappointments, the return of Alexander Gibson to his very finest operatic form is cause for cheering. His conducting of this work has ideal lightness and buoyancy. The music and drama run together without ever being artificially juiced up or squeezed out; ensemble is not always tight, but the textures breathe (the running of the humming chorus into the interlude is a liberty that proves very successful in context). This Scottish Opera *Butterfly* must surely be counted one of the year's operatic highlights.

Up on the Roof/Donmar Warehouse

Martin Hoyle

David Blight's design for the opening of this *Merrily We Roll Along* of Hull graduates, 1975 vintage, is the most successful of his three sets. The slanted roof and skylight give on to the parapet where the five friends toast the future, promise to meet in 10 years' time whatever happens and get excited about the possibility of a recording contract. For they launch into *a cappella* and doo-wop (not to mention bong-chop) numbers at the drop of an in-joke. And in-jokes there are in abundance with this close affectionate group, collapsing into a consoling, cuddling scrum at the cry of "sad pile!" or yelling "only joking!" complete with cabbalistic signs as an updated (classicists please note) version of "pax."

Their leader is Scott (Mark McGann, in what appear to be harmfully tight jeans). His devoted Bryony, her first-class degree in art improbably backed up by mystifying exclamations at the "Rubenesque night" as she gazes skywards, tearaway Keith in his Womble suit, Tim (Michael Mueller) and dumpy, vulnerable Angela (touchingly dowdy in Beverley Hills's performance) complete the band. The dialogue, by co-directors Simon Moore and Jane Prowse, developed from improvisations with the cast, is affectionate, rambling and slightly too dependent on shared recollection among the characters as well as the audience ("Do you remember when Keith took acid at the freshers' ball?"). Here, as in the last act, the traps of blandness and cosiness are not avoided.

Five years later, they are reunited for Bryony's wedding, not to Scott, who deserted her and has failed in his music career, but to balding, trendy art expert Gavin. Tim, evidently exploiting his resemblance to Bamber Gascoigne, presents children's television shows; plodding Angela has discovered self-confidence through EST and earnestly demands of the embittered and desperate Scott, "Do you sincerely want to be happy?" Keith sports an Australian accent that Crocodile Dundee would consider excessive.

The confrontation between ex-lovers Bryony and Scott triggers some of the evening's best acting as his self-pity and her old resentment underline their uncertain raking through the embers. "It does not matter now," she assures him solemnly, obviously repressing grief and fury. Their eyes meet as the group sing one of their old love numbers; and the tension between Mr McGann (sometimes unnervingly like John Lennon) and Felicity Montagu's Bryony, torn by panic, love and hope, is electric. Miss Montagu is one of our most consistently excellent young actresses; one of that tiny number (Alison Steadman is another) who can change their whole physical appearance and be unrecognisable not just from play to play but, as here, from act to act.

The acting is uniformly good, Gary Olsen's vigorous Keith, a cheerfully philistine entrepreneur with an undeniable streak of shrewdness, especially so. The church hall setting of Act 2 caused some movement in the side seats for the awkward sightlines of its end stage. If the amiably leisured pace could be tightened up the play would be not merely likeable but touching.

Mark McGann, Felicity Montagu and Gary Olsen

The Siege of Rochelle

Ronald Crichton

"Sunny Balfe," the Dublin boy was Britain's most successful opera composer until the coming of Benjamin Britten. He played the violin, conducted and was a baritone singer good enough to partner Malibran. He wrote 29 operas for Italy, Paris and London. He was a pupil of Cherubini and a protégé of Rossini. Good things fell into his lap. Little remains of all this now, except folk-memories of *The Bohemian Girl*. Otherwise, he is remembered only by festivals and enterprising French companies. That much he deserves, as the John Lewis Partnership Music Society indicated with their revival on Tuesday in their auditorium of his first great success, *The Siege of Rochelle*, first given at Drury Lane in 1835.

He does not, perhaps, deserve much more. Balfe wrote easily and agreeably. His tunes still please, even when he sets the words so that they are inaudible, or, if audible, ridiculous. His heart, this early opera suggests, was in the strophic songs or ballads (like the "couplets" of the French comic opera composers but not so varied or so deft). Concerted numbers are perfunctory by comparison. The first act finale in *The Siege* is a stunted thing.

Success came too easily and too early to this charmer. It would, however, have taken a stronger man to rise above the terrible mediocrity of the English theatre in the 1830s and 1840s, when there were many eminent players but virtually nothing, apart from mutilated classics, for them to play. (Spoken drama and opera mingled freely in those days.) A composer like Balfe desperately needed a librettist like Scribe, but the English equivalent was Edward Fitzball, whose melodramatics sent the audience at John Lewis into understandable peals of laughter.

The action, which concerns a girl falsely accused of murdering a child killed by her wicked foster-father (her true parentage is, of course, noble), was updated by producer Chris Nowell and designer Chris Cowell to the First World War. Whether this was intended to disguise or emphasise the unreality and absudity, it was hard to decide. Fitzball's tushery (spoken with creditable gusto) fell oddly from the lips of nurses and French officers in braided caps. The uniforms did not help identification of the male principals.

The performance, conducted by Derek Carden (the scoring is colourful), had the usual John Lewis confidence and liveliness. Balfe needs real singing and, for the most part, he got it. Maria Bovino sang the suffering heroine, Clara, with distinct promise. David Flint was her faithful admirer, Valmour. As the second couple, Marcella and Michel, who helped to unravel the dark deeds, Caroline Friend and Noel Mann made much of the score's sparkler moments. This seems to me the right way to do an opera of this kind, worth an occasional airing but not calling for grand treatment. Further performances Friday and Saturday.

70mm celebration—Giant Screen Extravaganza

To mark the 20th anniversary of Britain's largest commercial cinema screen, the Marble Arch Odeon is to show excerpts from the best of the big screen epics made in 70mm film next Sunday (May 3) at 11.00 am, for one performance only.

The most unusual is *This Is Todd-Ao*, a dramatic showcase for the special effects 70mm film is capable of, in a programme containing some of the finest examples of wide screen photography from epics like *El Cid* to some of the great musicals of the 1950s.

Tickets cost £2.00, and all proceeds will go to the Museum of the Moving Image (MOMI).

Pilobolus/Sadler's Wells

Clement Crisp

Pilobolus, returned to Sadler's Wells for a two week season, is described as "dance theatre." Though one may accept the fact that what happens behind the proscenium arch is generally considered to be theatre, the use of the word dance seems to me, even after all these Pilobolus years, to be begging a great many questions. As gymnasts and mimes the troupe has carved out its particular identity, but the rolling about and threshing and congealing of bodies seems more related to acrobatics than to choreography.

Of the works on offer in Tuesday's opening programme, none provided me with any dynamic rewards. At best there was the fascination of bodies impersonating Wonders of the Ocean Bed: in *Bonsai* four of the troupe behaved like a sea anemone; in *Pseudopodia* and *Ocellus*, eel-like contortions kept their casts in the sort of contact permissible only with the closest of friends. It is all extravagantly anatomical, and probably more fun to do than to watch.

Of the more directly theatrical pieces, *Can't Get Started* finds boy meeting bobby-soxer, and is slight to a point of emaciation. More ambitious, and I found offensive, a *Stabat Mater* (set to a trio of Vivaldi's sacred arias) in which a woman in a long red frock spends much of her time shuffling on her knees while a Christ-figure on stilts looms over her and fails to stop her clawing at his buttocks. We know it is serious because there is a projection of a rose-window to set a suitably pious mood.

The culminating event of the evening is the most obscure and the most exasperating. *Land's Edge* presents us with a cast comprising a pair of male identical twins, a woman in a long dress, a male peasant, a village idiot, and a female corpse washed up by the tide. You may permutate any relationship you choose from these characters — they might have strayed from one of Edward Gorey's darker tales —and be sure that *Land's Edge* explored it. The corpse does not stay a corpse for long, of course, and there was a burst of manic laughter from the cast at one moment. I suppose they were enjoying themselves.

Kronos Quartet/Wigmore Hall

Dominic Gill

We know from the Park Lane Group's series how difficult it is to devise coherent and stimulating string-quartet programmes made up entirely of new music. The American Kronos Quartet have a reputation for playing "exciting, fresh, varied music very, very well." Omitting two of the adjectives (exciting and one of the verys) puts them more accurately in context. They are not as pungent or as exacting performers as, say, the Arditti: but the Kronos are similarly active and adventurous in the field of contemporary music, and at their best they play with real commitment and panache.

Their programme on Tuesday offered four UK premieres. Most impressive was the Soviet Alfred Schnittke's third quartet, now four years old—a brilliant 20-minute essay in three continuous movements: a powerful drama of quotation and comment played out under the ever-present shadow of Shostakovich. There is homage in passing, too, to Orlando and Beethoven—and structural use of their borrowed motifs. But one detects no sense of pastiche: only of eager and buoyant adventure. There is a wonderfully poignant, ironically *lamentoso* Shostakovichian coda.

For the rest, we heard Terry Riley's *Good Medicine* (part II of *Salome Dances for Peace* written especially for the Kronos)—a quarter of an hour of charming, tuneful, dewy-eyed minimal counterpoint. The Finnish composer Aulis Sallinen's fifth string quartet, subtitled "Pieces of Mosaic," delivers a sequence of delicate, nostalgically coloured lyrical fragments—at its most succinct almost, but never quite so compressed or deft in its imagery, in the manner of the Hungarian György Kurtag (whose string quartet it would be interesting to hear the Kronos play one day). Sallinen's younger compatriot Jouni Kaipainen (b. 1956) uncovers a tightly-woven web of *Klangfarbenmusik* in his third quartet—by turns whimsical and mysterious, interleaved with cloudy memories of Strauss and Berg.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 24–30

Exhibitions

WEST GERMANY

Bonn, Städtisches Kunstmuseum, Rathausgasse 7: A retrospective by August Macke (1887-1914). Born in Meschede, Macke studied in Düsseldorf and Berlin under Lovis Corinth. He did much of his work in Bonn, and was responsible for a new art form Rheinische Expressionisten, before the First World War. His journey in the spring of 1914, with Paul Klee and Louis Moillet, to Tunis became a landmark in art history. In the same year he was sent to the front in France, were he died, aged 27 in action in Champagne. Ends May.

Düsseldorf, Kunstmuseum, Ehrenhof 5: From Raphael to Beuys. This exhibition displays 55 Italian baroque and renaissance drawings from the museum's permanent collections, as well as paintings by 19th and 20th century German artists. Ends May 17.

PARIS

French drawings: At the beginning of the 18th century Louis XIV's love of the grandiose gave way to an art more intimate, more pleasing. A new generation of artists around Antoine Watteau introduced colour as well as a lightness of touch into their drawings under the influence of Venetian and Flemish masters. Musee du Louvre, Pavillon de Flore. Closed Tue. Ends June 1. (4260 3926).

Rembrandt: The exhibition of 341 engravings is exceptional for the proofs showing the stages of Rembrandt's creative process and its imaginative presentation. Landscapes, genre scenes, portraits and autoportraits and biblical scenes testify to the diversity of inspiration and the technical mastery of the painter who was the first to consider engraving as a autonomous artistic expression. Bibliotheque Nationale, 58, Rue Richelieu. Ends May 3 (4703 8126).

ITALY

Rome, Villa Medici: Tropism: 180 cerebral and seductive photographs by Ralph Gibson, lent by the International Photography Center in New York. Until May 3.

SPAIN

Madrid, Homage to Manuel Viola (1919-87). One of the relevant members of Madrid's Art movement El Paso in the 50s, an informal movement of marked expressionist character to which the artist gave some humour. Juan Gris Art Gallery, Villanueva 22. Ends May 4.

Barcelona, Auguste Rodin. 60 bronze figures and 40 watercolours on loan by Musée Rodin. Categlogue shows artists' influence on Catalunya's art schools and the Noucentisme. Museo de Arte Moderno, Parque de la Ciudadela. Ends Mid-June.

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further *19,000* or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

TOKYO

Paul Gauguin (1848-1903): In Search of Paradise. This large exhibition comprising 151 oils, woodcuts, sketches and some sculpture reflects Japan's love-affair with European Impressionism and Post-Impressionism. The first style of Western art encountered by the Japanese when the country opened up to the West in the late 19th century has remained favourite. Works in this exhibition include those from Gauguin's earliest period, showing much affinity to the style of his contemporary and close friend, Van Gogh, and his mature Tahiti period of bright colours and bold patterns. Note the dramatic contrast between Two Nudes on a Tahitian Beach with the earlier Bathers at Dieppe. There is much evidence of Van Gogh's oriental influence. National Museum of Modern Art, Takebashi, near Otemachi business centre and Imperial Palace Moat. Takebashi station, Kitanomaru Park exit. Refreshments on 4th floor. English labels; detailed English catelogue available. Ends May 17. Closed Mon.

Textiles and Ceramics of the Andes: 180 items from 1000 BC. Tokyo Metropolitan Teien Museum, Meguro, formerly home of a prince of the Imperial Family. In Art Deco style and designed by French architect Henri Rapin, the museum has an abundance of deco fixtures and fittings, Tokyo To-Teien Museum, Meguro. Ends May 12.

NEW YORK

Museum of Modern Art: The first major retrospective in two decades of Paul Klee includes 250 paintings and waatercolours and 50 drawings and prints, some by arrangement with the Klee Foundation in Bern which has rarely lent them (including large-format paintings from his later life). Ends May 5.

WASHINGTON

Hirshhorn: 30 paintings from the permanent collection trace the use of bridges as symbols of modernity and the past in works by Thomas Eakins, Winslow Homer, Raphael Soyer and Louis Lozowick among others. Ends May 24.

CHICAGO

Art Institute: The 1985 Grand Palais exhibit of Lartigue's 1920s photographs shows the evocative panoramas and fleeting moments on the streets of Paris between the wars. Ends June 28.

Saleroom/Annalena McAfee

Record for book auction

Sotheby's sale of illustrated botanical books closed in London on Tuesday night making a total of £5,910,465 in two days — a record sum for any auction of books. Only 0.9 per cent of the lots in both parts of the auction were left unsold.

The top lot in Tuesday's session was a first edition of Christoph Jacob Trew's Hortus Nitidissimus Omnem, published in three volumes in the mid-18th century and described as the most sumptuous of the florilegia books. The work is also regarded as the most elusive of the great flower books; this was the first copy to appear on the market. It was bought for £908,000 by an anonymous buyer bidding on the telephone. The lot had been expected to fetch between £50,000 and £60,000.

The London dealer Haywood Hill paid £187,000 for Daniel Rabel's Theatrum Florae, published in Paris in 1622. The book, with 69 plates and drawings, many hand-coloured, had been estimated at between £10,000 and £15,000.

The Dutch dealer Nico Israel, who led the bidding in Monday's session of the sale, bought Robert John Thornton's The Temple of Flora, produced between 1799 and 1807 with illustrations by Linnaeus, for £187,000, more than three times its original estimate.

Redoute's Les Liliacees, produced in eight volumes from 1802 to 1816 under the patronage of the Empress Josephine, was bought for £154,000 by an anonymous buyer bidding on the telephone. The same price was paid for Jean Louis Prevost's Collection des Fleurs et des Fruits, regarded as one of the greatest of the early 19th century French flower books.

A record price for any violin, £440,000, was paid yesterday for a Stradivarius at Christie's London sale of important musical instruments. The buyer was the Italian violinist Luigi Alberto Bianchi, who later commented "I would have paid a lot more than that." The last record for a violin was £396,000, paid for a La Cathedral instrument at Sotheby's in 1984. Mr Bianchi will be playing his Stradivarius in concert in Geneva in June, in Vienna in August and in London in October.

Christie's announced that it is to sell another Van Gogh masterpiece, "Le Pont de Trinquetaille," at its King Street auction rooms on June 29. The picture, which is expected to fetch £7.7m, is being sold on behalf of its private New York owner, S. Kramarsky. Van Gogh's "Sunflowers" was sold at Christie's for a record £24m in March this year.

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Thursday April 30 1987

Nato debates missile deal

NATO GOVERNMENTS are now cautiously examining the Soviet proposals for the elimination of all Euromissiles with a range of more than 500 km, which have just been tabled in Geneva. In the end, and despite deep reservations within the West German coalition government, it seems likely that Europe will broadly acquiesce in the removal of this class of weapons, not because it would be particularly favourable for Europe's military security, but because it would be too difficult to say no.

Everything hangs on the West Germans, whose ambivalence is only too understandable. From a military point of view, they cannot welcome a situation in which Nato's land-based nuclear weapons would be limited to those which have very short range; such weapons could only be stationed in West Germany, and would underline the horrendous consequences for Germany of any East-West conflict in Europe.

From a political point of view, however, it would be extremely difficult for any West German government to stand out against the opportunity of a major arms control agreement between the US and the Soviet Union, especially one which, as in this case, is broadly supported by the US Administration.

Focal point

Mr Mikhail Gorbachev, the Soviet leader, has consistently urged an improvement in East-West relations, but as the International Institute for Strategic Studies points out in its annual survey, arms control remains the focal point of East-West relations: any improvement in those relations depends on agreement on arms control questions.

If western European governments, and above all West Germany, are sincere in their desire to promote a more reliable form of detente with the Soviet Union than the one we lost in the late 1970s, they cannot afford to turn down a Euromissile deal which so closely resembles the US proposal of six years ago.

Nor should the alliance be excessively fixated over the supposed merits of the missiles which now seem scheduled to disappear. There may be advantages in having land-based weapons in Europe with a range which enables them to be held well back from any putative battlefield; missiles which can strike the Soviet Union from western Europe may also strengthen the nuclear link with the US.

But even after the elimination of all Euromissiles, Nato will still have large numbers of shorter-range nuclear weapons; the purpose of these weapons is to deter attack, not to fight a nuclear war; and the link with the US nuclear deterrent is provided partly by these other weapons, but even more by the presence of 300,000 US troops.

That said, however, Nato is under no obligation, legal or moral, to accept any and every proposition put forward by the Soviet Union. Particularly objectionable is the last-minute Soviet *volte-face* by which the 72 German-owned Pershing 1A missiles would be swept up into the category of weapons to be eliminated.

Serious precedent

These negotiations are between the superpowers, and concern their weapon systems alone. If the Soviet Union were to succeed in dragging in the weapons of third countries, that would be a serious precedent, and there might be no telling where it would stop. In particular, it could have dangerous consequences for the independence of the British and French deterrent systems.

Alliance consultations on the implications of the Soviet Euromissile proposals are likely to be slow and methodical. In Nato, among other things, member governments will have to consider what changes may be needed in the western defence posture; it woulud be helpful if they were to agree on a strengthening of the alliance's conventional defences.

But one political effect of the prospect of a Euromissile deal, is likely to be added impetus for closer European defence co-operation, through Western European Union. No spectacular innovations are to be expected — the "defence charter" being drafted is likely to bear a close resemblance to traditional Nato doctrines; but it will be a European charter for a European institution.

The making of UK managers

COMPARED WITH their international counterparts, most British managers are under-educated and poorly trained. With honourable exceptions they are ill-equipped to cope with all the complexities of competition in today's fast-changing markets.

This is the dismal picture painted by two major studies published yesterday on "the making of managers" in Britain and other leading industrial countries. Among the long catalogue of depressing findings are that only one-fifth of all UK managers have degrees or professional qualifications of any sort, and that a bare quarter of senior executives have degrees, compared with 85 per cent in the United States and Japan (where higher education is less academically specialised).

Professional training

Most British executives also receive far less post-experience training than many of their foreign counterparts. As a result they are neither as technically qualified as managers in West Germany, Sweden and Japan nor as well-grounded in basic business skills such as budgeting and marketing; in Germany many students learn these subjects at undergraduate level, as part of "business economics." Hence Britain's need for a separate, gap-filling, form of business education — preferably funded by the private sector.

The lack of suitable courses is certainly not caused by inadequate demand from would-be executives, according to the new studies: Britain's few university, polytechnic and business school programmes in management are heavily over-subscribed, far more so than those in other popular subjects.

Yet the only form of professional training that many potential managers can take is the very narrow one of accountancy: this is part of the explanation for the remarkable statistic that Britain has about 20 times as many accountants as Japan, and 30 times the German figure.

The reports advise against the import of any other national approach to business education, be it Japanese, German or American. It was the latter which provided the model for the first expansion of UK business school education in the 1960s, but which has proved over-academic for many management purposes.

Instead a two-part qualification scheme is proposed. Neither would be mandatory, but the first, a (largely part-time) diploma in basic business knowledge and skills, would become gradually a *sine qua non* of executive employment. The second would consist of a more flexible and work-related version of existing master's programmes in business administration (MBAs). Management development would continue throughout an executive's career.

Apart from the provision of pump-priming funds by the government—especially for the training of more teachers—the whole scheme would be largely self-financing, through corporate sponsorship of students or by individuals themselves. Though the proposed first-stage diploma could reinforce the dangerous view that management can be taught in the classroom, it would provide a welcome foundation for widespread business literacy, and at low cost to the state.

Tailored programmes

The suggestion by one of the reports that second-stage (MBA) enrolment should be expanded sharply is more problematic. Not only are some of Europe's most thoughtful business schools — notably IMI in Geneva — seriously questioning the value of conventional courses, and the way they are taught, but companies are turning in increasing numbers to programmes specially tailored to meet their own particular needs.

If this heralds the end of a long era of indifference to management training among British employers, then companies could prove surprisingly quick to accept at least some of the reports' proposals, despite the obvious implications for their training budgets. A number of large groups have already done so.

Early and concrete government support, at least for the first-stage diploma, is desirable —Lord Young, the Employment Secretary, said yesterday that various other measures are being considered. The viability of all the proposals rests essentially on the shoulders of others: on employers for realising the urgency of the situation, and on business schools and colleges for responding to the need for more practical courses, and more innovative teaching methods.

RAJIV GANDHI

The idol is fallen

By John Elliott in New Delhi

"THE events of the last six weeks establish beyond doubt a pattern of destabilisation in which the external forces hostile to India have been revealed to be inextricably linked with the internal forces of political and economic subversion . . . The Congress worker must stand like a rock in the face of this diabolical onslaught on the unity and integrity of the nation."

Vulnerable

Students of Indian politics might identify this as a quotation from a speech of the late Mrs Indira Gandhi in one of her more paranoid moods when Prime Minister of the world's largest, and often most turbulent, democracy.

But they would be wrong. It was part of a statement issued ten days ago by India's ruling Congress I party in support of Mr Rajiv Gandhi, Indian Prime Minister, eulogistically described as "the conscience of humankind in its struggle for peace . . . the champion of black people . . . the spokesman for equality and justice in international economic relations," the man who brought to India "a new mood of confidence to meet the challenges ahead."

The statement marks the fall of Mr Gandhi, son of Indira and Prime Minister for the past two and a half years, from a pinnacle above the hurly burly of Indian politics to a point which would have seemed inconceivable only a few months ago.

For help in dealing with the series of political crises—many of his own making—which have undermined the authority and confidence of his administration, Mr Gandhi has had to turn to the very men whom he used to shun, the power brokers of Congress I.

They have welcomed him, not because they are all diehard supporters, or even because they believe in his policies; but for the time being at least, he is their only credible leader. The man who is their ticket to power and prestige has finally become one of them—a vulnerable politician who has alienated many supporters both in politics and the bureaucracy.

The last few weeks have seen a series of crises involving allegations of corruption on arms deals, and a constitutional row between Mr Gandhi and Mr Zail Singh, the President. They have led to the resignation of Mr Vishwanath Pratap Singh, the popular Finance Minister, who was suddenly switched to defence in January and has taken over the mantle of "Mr Clean" from Mr Gandhi. In the political fallout two respected national newspaper editors—of the Indian Express and Hindustan Times—have resigned because of political pressure from their proprietors.

This is all a far cry from the first year or so of Mr Gandhi's rule when he launched energetic new policies to transform India's corrupt and highly protected economy and to clean up public life. But half way through Mr Gandhi's five-year term of office, what had appeared to be only a bad patch now seems to represent a sharp deterioration.

Three main factors have been behind Mr Gandhi's unpopularity. First among them has been the Government's attack on corruption, which has raised fierce opposition among leading industrialists, many of whom are used to wielding corrupt influence on the administration.

Second has been the sometimes brittle and even petulant personal style of Mr Gandhi, which has alienated bureaucrats, diplomats and otherwise loyal politicians.

Third has been the Prime Minister's long-running feud with Mr Zail Singh, the President. Mr Gandhi has ignored Mr Singh, a Sikh, and stopped him from accepting most trips abroad. In part, this is because Mr Singh is blamed for some of the problems in India's Northern state of Punjab, which is Sikh-dominated.

> Mr Gandhi has been forced to turn to the very men he formerly shunned–the power brokers of Congress I

Mr Singh's term of office as President expires in July and he is both hurt by Mr Gandhi's treatment and worried that he may be a target for extremist Sikhs os soon as he loses the President's extensive security protection. Now that Mr Gandhi's popularity and confidence are on the wane, he has begun skilfully to vent his frustrations.

The dispute between the two leaders blew up early last month over the issue of whether Mr Gandhi was fulfilling his constitutional duty to keep the President fully informed. The Prime Minister claimed in Parliament that he was doing so; but Mr Singh challenged this in a letter leaked to the newspaper, the Indian Express.

The leak led to a raid on the Express proprietor's Delhi home by police who also claimed that the paper had hired the US detective agency Fairfax to look into the affairs of Reliance, India's fastest growing company and the subject of considerable controversy.

But it later transpired that Mr Vishwanath Singh had authorised the hiring of Fairfax to investigate the foreign dealings of Reliance and a handful of other unnamed companies. This action helped to precipitate the Finance Minister's departure from the Government.

When Mr Gandhi failed to prove his personal vote-pulling popularity in key regional assembly elections last month, the President cashed in on his discomfort. Word got around that Zail Singh was exploring the constitutional possibility that he could dismiss the Prime Minister without consulting parliament. This would be a corollary of his power to appoint the Prime Minister, a power he exercised when he named Mr Gandhi to take over from his assasinated mother. Counter rumours quickly spread that plans were being drawn up by Mr Gandhi to impeach the President.

Into this political hot pot came news from India's Bonn Embassy that Howaldtswerke Deutsche Werft, which was supplying India two submarines ordered in 1981, was resisting price cuts on a further order because it said it was having to pay 7 per cent commission to agents on the deal. Agents are officially, and somewhat impractically, banned by India's Defence Ministry and the size of the commission—Rs 300m (£15m)—indicated that it included a political pay off.

Next Swedish Radio claimed that agents were to receive a \$16m (£10.5m) pay off on a \$1.4bn howitzer gun contract placed last year by India with Bofors, part of Sweden's Nobel Industries.

Both the West German and Swedish companies deny they have made any corrupt payments, but the stories have caused a stir in India. Mr Gandhi has made matters worse by his poor handling of relentless parliamentary questioning on the issue, during which he has frequently contradicted himself.

Meanwhile, it is widely known in Delhi that some ministers and civil servants are still asking for substantial payoffs, either for themselves or the Congress-I party.

The coincidence of the two accusations about submarines and guns, both essential for India's extensive modernisation of its defence forces, were instrumental in prompting Congress-I to claim a "calculated campaign of calumny" against India in a recent 2,000-word statement.

But the real target for India's international wrath is the US, which is going ahead with a new \$4bn defence and economic aid deal for neighbouring Pakistan, despite widespread suspicions that Pakistan has, or is on the brink of having, a nuclear bomb.

Domestically there can be little doubt that Mr Gandhi has suffered a serious blow and that major problems remain which may erode his political base further. His battle with the President is still unresolved and he faces the threat that yet another disenchanted leading politician, Mr Vishwanath Singh, will work against him.

Sensitive regional elections are in prospect in the northern state of Haryana, which borders on the violent Punjab, and Mr Gandhi's party could well lose this election. The outcome of inquiries into Fairfax, the West German submarines and Bofors affairs could do him further political damage.

But above all, Mr Gandhi's personal style does not command respect. When Mr Vishwanath Sing was described as a "scapegoat" in Parliament recently, after his resignation, Mr Gandhi leapt to his feet — always anxious to score a quick point—and said, "I object to my colleague being described as a goat."

THURSDAY BOOK REVIEW

Tycoon: The life of James Goldsmith

By Geoffrey Wansell

Grafton Books £12.95

IF YOU want to make a very great deal of money, here is what to do. Identify some tangible assets which no-one else much wants: down-at-heel food shops, antiquated brand names, timber lands—that kind of thing. Bid for them at well below the potential resale price, but don't pay in cash. Instead, offer over-priced equity, junk bonds, or any other fancy bits of paper that the financial markets happen to be keen on at the time. Sell enough of the assets for you to be able to redeem the paper. Repeat the exercise until you are enormously rich.

This is the story of Sir James Goldsmith, the subject of a new biography which is called, appropriately enough, Tycoon. Goldsmith's fortune was founded on the financial boom of the early 1970s. While friends and contemporaries like Jim Slater were building up piles of glamorous financial assets, his decisive move was to acquire — of all things — Bovril, noted for such peculiarly British staples as meat extract and creamed rice pudding. When the crash occurred the financial assets mostly disappeared but the country continued to gulp down Bovril and Marmite sandwiches.

Then came phase two. In what had become an austere financial climate, investors grew increasingly uneasy about the dazzling financial footwork which meant that no two sets of figures were directly comparable. Sir James went toe-to-toe in a brutal public battle with Private Eye, the satirical magazine. The last straw for the stock market was when he attempted to become a Fleet Street publisher himself, an ambition which at that time was generally reckoned to be an unmistakable symptom of advanced paranoia.

His share price fell, to the point where he was able to buy in his UK business. The assets which he had been able to acquire thanks to the public's enthusiasm, he was now able to own outright as a result of its disillusion.

After a pause, he went off to the US and did the same sort of thing again. Here, the key moment came in 1982, just before the stock market started its prolonged upsurge. Largely with the help of bank finance, he acquired Diamond International, a large and sleepy forest products group. Within a year, he had sold enough assets to pay off the bank debt, leaving him profits which—including the unsold timber land—are estimated here at over \$500m.

There followed a whole series of bids and raids on old line US giants—names like St Regis, Continental Group, Crown Zellerbach and Goodyear. According to this biographer, his profits from five years of wheeler-dealing in the US came to more than \$1bn.

This approach is consistent for a man who was successfully playing the one-arm bandits at Monte Carlo at the age of six, and who dropped out of school at the age of 16 after winning £8,000 (in 1940 money) on a three-horse accumulator.

What is more uncertain is whether Sir James is anything more than an uncommonly shrewd speculator. To judge by this book, he has very little interest in the day-to-day running of businesses, and the record of those few companies which he has controlled for any length of time—notably the Grand Union supermarket chain in the US—is chequered. He wanted to build a European business which would rival Unilever in scale and structure —a grandiose vision which was almost within his grasp, but which disappeared even more quickly than it promised to materialise.

He wanted to become a publishing baron, but failed to get much beyond the starting gate. He wanted—probably still wants—to be taken seriously for his political judgments. Yet he appears to have failed to grasp the significance of the Thatcher years in Britain, and he completely misjudged the consequences of France's swing to the left in 1981.

There are two ways of writing a biography of a man like Sir James during his lifetime. One is to work with him, and the other is to work against him. Geoffrey Wansell has chosen the former course, and as a result has had plenty of access to the great man. This biography is rich in colour, with plenty of details about its subject's complicated private life—making it sound more like hard work than fun. It gives a good flavour of the man, and of what drives him.

The cost of this is that the book is bland. It does not ask the critical questions about Sir James's approach to business and it gives no insights into old questions about the structure and ownership of the offshore companies which control his interests. It is liberally studded with cliches, and has a breathless style which occasionally produces ludicrous results. For instance, spare a thought for Lord Goodman, who is said to be "portly but distinctly shrewd." Or for Goldsmith's late father who, we are told, "never took very much interest in his clothes but always seemed to be enjoying himself."

Despite these shortcomings, there is fascination in this account of a man who sometimes appears more like a character out of a Trollope novel than a businessman in an age of bean counters. A man capable of extraordinary charm and of black rages, he makes a point of defying convention and yet seems highly sensitive to criticism. He is loyal to his friends, but intensely hostile to those whom he regards as his enemies. And for all his dynamism, it is not clear that he has been able to create anything more than an enormous pot of money.

Richard Lambert

Men and Matters

New hands on Berisford

Henry Lewis and Philip Aaronberg, the new deputy chairman and chief financial officer respectively of S & W Berisford, represent the commodities group's latest effort to signal that more than one pair of hands hold the management reins.

Berisford emphasises that both men will work closely with veteran chairman Ephraim Margulies on group strategy as well as day-to-day management.

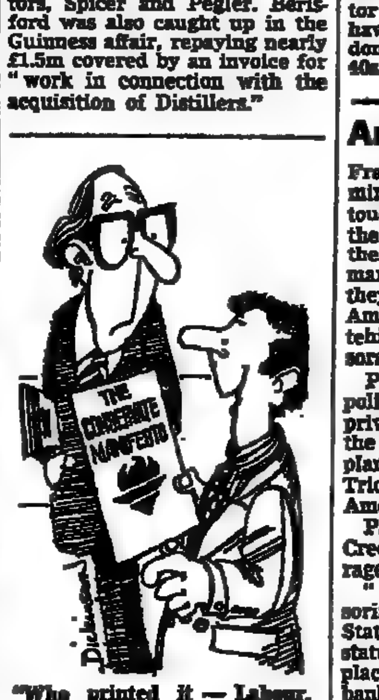
The message that the company is no longer a one-man band "Is not only a pious intention," says Aaronberg, "it's also the fact." He is a partner with accountants Arthur Andersen.

Margulies' management style had been cited as one reason for the departure in February of the company's long-term auditors, Spicer and Pegler. Berisford was also caught up in the Guinness affair, repaying nearly £1.5m covered by an invoice for "work in connection with the acquisition of Distillers."

With the future of Berisford's British Sugar subsidiary still unclear, after the Monopolies Commission veto of rival takeover offers from Tate & Lyle and Ferruzzi, murmurings had grown louder.

Berisford previously brought in Peter Jacobs, formerly of Mars, as managing director of British Sugar and a main board member. And John Slater of Guinness Mahon joined as a non-executive director.

Although Lewis, at 61, is nearly a contemporary of his 62-year-old chairman, Lewis, a former joint managing director of Marks and Spencer and a Berisford non-executive director since August, says: "We have a board that is now dominantly people in their 40s."



"Who printed it — Labour, Tories or MI5?"

Arch villain

Francois Leotard, France's minister for culture, has touched the country's banks on the raw. Already anxious about the invasion of their financial markets by foreign competitors, they are now furious about American encroachment on tehir traditional role as sponsors of the arts.

Pursuing the Government's policy of encouraging more private funding of culture and the arts, Leotatrd had put up a plan for restoring the Arc de Triomphe with the help of American Express.

Paris financiers, led by the Credit Lyonnais banks, are outraged .

"It is not like France sponsoring the restoration of the Statue of Liberty. We gave the statue to America in the first place," spluttered one Paris banker. "The Arc de Triomphe is a purely French monument to celebrate the victories of Napoleon."

Leotard's officials are unmoved by the dispute and ready to welcome all comers to the FFr 30m restoration.

Malicious observers suggest that the minister may even have orchestrated the American Express intervention to goad the French banks into spreading their largesse, which is now showered largely on opera and rugby.

Inside man

Mark Powell's appointment as chief executive of Alexanders Laing & Cruickshank Holdings is that rare City phenomenon these days, an orderly internal promotion. It must have saved the parent Mercantile House a fortune in golden hellos and headhunters' fees.

The move follows Robin Stormonth-Darling's retirement at 60 as executive chairman of ALCH's securities side (he is to become non-executive deputy chairman of Mercantile House), and chairman John Berkshire's decision to step aside as acting chief executive of ALCH.

Powell, aged 41, has been running ALCH's private client side, claimed to be one of London's biggest with over 50,000 regular investors. The Powells, it seems, are used to running the show. His father Francis was senior partner in the family firm Powell Popham Dawes before it was absorbed into Laing and Cruickshank in 1977, and in fact Francis Powell had a spell as deputy chairman of the Stock Exchange in the late 1970s.

Now Mark Powell aims to reinforce ALCH's position as a leading specialist, with a series of profitable niche businesses.

He intends to build up operations in Tokyo (where ALCH is currently bidding for a securities branch licence) and then New York.

As for John Barkshire, he says he looks forward to having more time to spare for other activities, such as his moves to revitalise the International Commodities Clearing House.

Beer pull

Management cybernetics may not be at the top of every businessman's memo pad but the subject would be if Stafford Beer had his way. Cybernetics is the science of regulating large, complex systems—"that should be of vital interest to managers," he says.

After years of preaching on the subject in the UK, Beer is about to remove himself to Toronto. "I think I have done as much in Britain as I can," he says—but he is making another appearance at a symposium organised by the Welsh Development Agency in Carmarthen on May 9-10.

A number of Canadians are coming to Wales for the conference, fortifying his belief that "I think I can do something in Canada."

Beer has a well-rounded view of industry. Starting as an academic, he moved into steel and then into management consultancy before returning to academe. The highlight of his industrial career, he reckons, came during his days at IPC in the late 1960s when the battle between Hugh Cudlipp and Cecil King for the massive publishing empire took place. "Fascinating stuff," he recalls.

He has occupied even more hazardous positions since, such as that of adviser to President Allende of Chile.

Market forces

Yet another car sticker: "Option traders do it until they expire."

Observer

Economic Viewpoint

No blue sky without a few grey clouds

By Samuel Brittan

THE ECONOMIC skies are rarely without clouds. But the first clue to discovering the real snags in the spurt of economic good news in the UK is that the extent of the upturn — the rise in output, orders and perhaps even employment — is greater than generally realised and certainly greater than the Treasury's own forecast at Budget time.

Indeed, the main economic worries arise from the very strength of the boom in the real economy. The most serious pessimists are often the analysts with the most optimistic growth forecasts. For they maintain that the boom is a temporary and unsustainable surge, which will fizzle out in rapid inflation.

Thus the immediate questions boil down to (a) How fast is the present growth rate? (b) What is the sustainable rate? and (c) Are there enough surplus capacity and unemployed workers to sustain a temporary increase in growth above the underlying level? Or will it all end in inflationary overheating and an "economic stop?"

Practical policymakers worry less about these fundamental questions than about *thunderbolts* from the world economy. The fact that Britain is now growing faster than the US, West Germany or many other industrial countries is only partly a reflection of British *performance. It is also* a sign of a slowdown below trends, and below expectations, in the world economy.

The British share of world trade — about 8 per cent in value of manufactures—is small enough for the British economy to flourish in a modestly growing world, by slight adjustments in British export penetration.

The same could not be said *in the* event of a major world downturn. The most likely cause of that would be a free fall of the dollar against the D-mark and the Yen. The appreciation in West Germany and Japan would increase recessionary pressures in these countries and those tied to them. On the other hand, a plunging dollar could set off inflationary fears in the US, and a severe rise in interest rates, whether induced by the Fed or self-generated by the bond market.

If Britain, together with the whole EEC, were sitting on the sidelines in the trade and payments disputes, it would be bad enough. But the Common *Market countries, which do not* have either the budgetary or the balance of payments problems of the US, have the audacity to threaten Japan with a whole set of retaliatory measures against the crime of successful selling in their markets.

Significantly, the UK is omitted from the list of "more liberal" Common Market countries, such as Germany and the Netherlands, which are trying to restrain this anti-Japanese fervour. Thatcherism is marked by much too much economic jingoism as well as authoritarianism and censorship in the non-economic fields.

Meanwhile, however, Britain continues to boom. The balance of firms in the April CBI Trends Survey expecting an increase in orders is the highest since July, 1977. Although the monthly trade figures — a fresh set is out tomorrow — inevitably bob up and down, export optimism, delivery and order books are all reported at very high levels. Manufacturing investment, which fell by 5 per cent in 1986, is set to pick up sharply, now that the phasing out of fiscal incentives has been put behind, while profits continue to rise.

Manufacturing industry has not been a net source of jobs for many, many years. But the expected job decline here is now extremely small. Over the whole economy unemployment is now falling sufficiently fast for the Government to risk ordering and publishing a proper study of the underlying trend, to supplement the statistically distorted numbers in the Department of Employment's series.

On the inflationary front, expected cost and price movements are pretty much around *the average of the past* five years. They suggest underlying inflation remaining at 4½ per cent faster than in France—let alone Germany and Japan. But there is at least no sign of an acceleration. Nor is there any sign of any inflationary build-up in stocks.

The CBI indicators which might suggest inflation further ahead are the capacity ones. The percentage of firms reporting plant capacity as a limit on output has risen by 10 percentage points between January and April to 25 per cent. It is now much higher than the 16 per cent *observed* at the peak of the 1979 upturn, although still less than the 40 per cent seen at the time of the Heath-Barber boom in 1973-74. Skilled labour shortages on the other hand do not seem to have changed very much in the last three years and are still much less than in all earlier upswings.

UK real growth is clearly running higher than the 3 per cent per annum predicted by the Treasury for the whole economy and 3½ per cent for the non-oil economy. A 4 to 4½ per cent growth *of GDP* in 1987 after the statistics have had their usual upward revision would not be surprising. If there is no world disaster, next year's UK growth could also be above the Treasury's predicted 2½ per cent.

There are two sorts of reason why the British economy might be able to sustain unusually rapid growth without inflation taking off.

The first is that there may have been an increase in the underlying growth trend above the Treasury's 2½ to 3 per cent per annum long-term projection. This would be due to improved productivity and efficiency. It is possible, but is far from proven. Faster rates of productivity growth would *have to* be seen during a complete business cycle, including the recessionary phase, before one could be sure that they were here to stay.

The second reason is that with an 11 per cent unemployment rate, as now measured, there is a sufficient margin of *slack to allow a few years of* growth which is temporarily above trend. On this view there has at long last been a fundamental improvement in the working of the labour market.

Alternatively, the rate of unemployment compatible with non-accelerating inflation (the NAIRU), did not really rise from 5 per cent under the Callaghan Government to 11 per cent under Thatcher, as the crude figures suggest. Instead the labour market was subjected to a series of shocks, such as the loss of 2m manufacturing jobs after the 1980-81 shakeout. But now the shocks *have been absorbed* the labour market might be able to balance at lower rates of unemployment.

If there were something in either or both the above arguments, the effect would be to prolong the sustainable period of rapid growth. But experience should have shown that nothing is more futile than to attempt to prescribe beforehand physical tolerance levels, such as the rates of real growth or capacity utilisation above which the inflationary threshold lies.

Direct financial indicators are more useful here. These are worrying but inconclusive. Sterling M3 and bank lending *are growing rapidly, but* no more than they have often done since 1980. Their message is, however, unfortunately confirmed by asset prices: above all house prices, which have shown signs of taking off. The movement of import volume will be important, not so much for the balance of payments obsession, as for indications of whether domestic demand is rising excessively relative to supply potential.

The most reassuring financial indicator is, of course, sterling. The secret of Britain's present upsurge is the major devaluation of sterling against the D-mark in 1986—one of the few successful ones ever undertaken. It failed to trigger inflation because it was undertaken at a time of falling oil and commodity prices and slack labour markets.

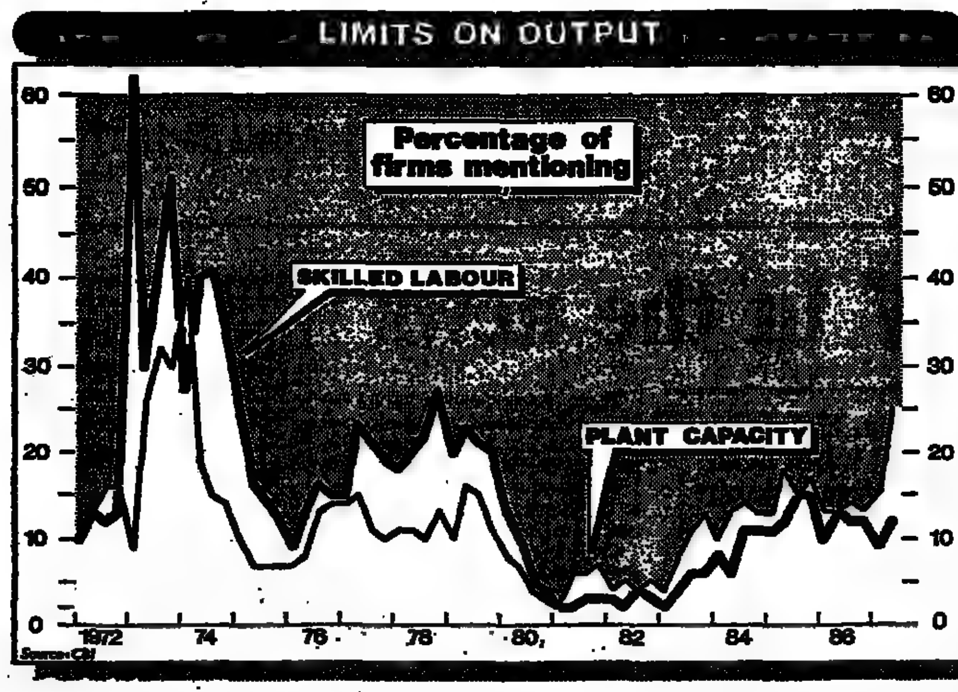
The credit for this operation belongs to Chancellor Nigel Lawson, and not to Lord Young, the favourite of the hour, whose notable success has been in weeding people out of the unemployment register. Lord Young's remark that there is *no need to worry about wages,* only unit costs, is plain wrong —because it ignores factor substitution (ie, the use of labour-saving equipment and methods to economise on labour costs).

The Chancellor is right to reduce interest rates to prevent sterling rising above its recent range of DM 2.7 to DM3, so as to preserve British industry's hard-won competitive advantage. But if a stable sterling exchange rate against non-inflationary currences such as the D-mark is to be the main bulwark against inflation—and no other is in sight—it will be ncessary to reinforce the credibility of the sterling objective to give it a long-term form.

This will mean not hesitating to raise interest rates if sterling comes under downward pressure as one day it will, just as interest rates have been lowered *to discourage appreciation.* Mrs Thatcher's declamations against the EMS to visiting foreign dignatories make one wonder if she even deserves the "sound money vote," having irretrievably lost the libertarian one.

Meanwhile, the stimulus to domestic spending arising from lower interest rates is about as desirable as another drink for the road for someone already in danger of exceeding the breathalyser limit. It can be justified but only on the grounds that letting sterling rise further would have been the equivalent of poison.

In a normally run economy, there should be some opportunity to use fiscal restraint to offset monetary stimulus and vice versa. It is a million pities that pledges and hints about reducing taxes and an over-mechanised PSBR formula have limited the Government's *ability to use higher taxes to* restrain demand, while the spending Ministers are a blockage to expenditure restraints. If we had better Opposition parties, we would know what to do.



The secret of Britain's present upsurge is the major devaluation of the D-mark in 1986

Lombard

The real Tory agenda

By Joe Rogaly

THE GOVERNMENT is concentrating too much power at the centre. It will continue to do so *if* it wins the forthcoming election. Many of the individual elements of its strategy can to a greater or lesser degree be justified, either on the merits of the particular case or as part of a grand design to regenerate the British economy. Yet the chosen methodology is all too often a simple sweeping away or circumvention of inconvenient obstacles, like local authorities, and their replacement by managers controlled by purse strings — puppet strings? — held in the hands of Whitehall officials who have themselves been made aware of the *force* of the political will of No 10 Downing Street.

This Authoritarian Tendency will determine the agenda of the next Conservative administration more than any of the *second-hand frighteners put out* by the Labour Party in its cod Conservative manifesto on Tuesday. For there are increasing signs that the prevailing mood among those who have supported the Thatcher revolution veers between wonderment that they have come so far and a steely "you ain't seen nothin' yet." One very senior official has been heard to say that, in their preparations for the next incoming government, the Permanent Secretaries are acting on the informed assumption that the Conservatives intend to change *everything* — education, housing, health, local authorities, the police, taxation, the lot.

Most of this will doubtless appear in the formal agenda yet to be published. Tory plans to centralise the determination of the school curriculum and by-pass local authorities by giving budgetary control directly to the schools have been extensively publicised. The intention to remove most public sector housing from local authorities has been well signalled. Radical changes in *the NHS or in the management* of the police (to be detached from local authorities?) would be new. As to which tax reform is currently favoured by the inner circle, your guess is as good as mine.

What is not a matter of guesswork is the degree to which any countervailing power that might get in the way is to be either ignored or put down. When you take education from local authorities you halve their power-base. Take housing and you halve the remainder. If the police and personal social *services then go, only side-roads,* sewers and dustmen remain, and the Tories are encouraging the privatisation of most of those. The net result is that the only executive authority that derives its legitimacy from regular elec*tions is parliament—that same* parliament that has so conveniently harboured an overriding Tory majority twice and may now do so for a third time.

What is left is what Lord Hailsham once described as an "elective dictatorship"—an executive with little to restrain it. When he first uttered those words it was customary to accept the neutrality of the Civil Service and to observe certain democratic courtesies. Nowadays all aspiring officials know what behaviour pays and what is unwise. Mr Tebbit has not observed many courtesies with the BBC. Appointments to public bodies are no longer finely balanced to represent various interests but rather "us." Inconvenient buffer institutions like the University Grants Council are to be replaced by controllable versions, like the Universities Funding Council. *Power flows untrammelled* through the hands that disperse taxpayers' money.

It is foolish to argue, as do many on the Left, that all this is the result of evil intent. On the contrary, Mrs Thatcher and her ministers believe that they are doing the country a power of good—and that the more they can follow through their ideas for change the more good they will do. Some even believe that the benefits will flow fastest to the worst-off if the economy can be regenerated, their way. What none of these libertarians seem to realise is that they are creating the most powerful central bureaucracy this country has seen in peacetime. Can any of us really want that?

Letters to the Editor

Japan should stockpile

From Mr P. Evans

Sir,—Because of the enormous imbalance of trade between Japan and the US, there is an increasing risk of rising *barriers to international* trade with the disastrous consequences of protectionism last seen in the 1930s. In such circumstances the effects might be quite surprising. Japan is a densely populated land which *is almost entirely dependent* upon imported raw materials whereas the US, in extremis, would need to import almost nothing to survive as it is rich in almost all natural resources.

A solution to Japan's strategic vulnerability and the short term problem of a constantly deteriorating dollar/yen relationship would be for the Japanese authorities to institute a policy of massive *stockpile purchases of* major raw materials. Not only would this safeguard Japan from an eventual collapse of the yen which might follow a real trade war, but in the meantime, such a programme would stimulate many of the third world economies which would, given more favourable balances of payments, be natural customers for Japanese exports. With the yen at its current level most commodities cost less in Tokyo than ever before and with interest rates of 2 per cent to 2½ per cent, the carrying cost of such strategic stockpiles would be negligible in real terms.

Trade has always been a better answer to economic problems than aid.

Peter G. Evans,
Stocks Farm House,
Bramley, Hants.

Local council debts

From Councillor S. Knott

Sir,—As a former chairman of finance in Hammersmith I read (April 24) with alarm the letter from Councillor Peter Prince, leader of the Conservatives, in which he suggests that a Conservative administration in 1990 might default on Hammersmith's obligations.

The consequences of such an action would be horrendous. No one would give Hammersmith any credit, even on day to day matters like the purchase of supplies. The change in cash flow would exhaust the borough's balances in a very short period. The courts would undoubtedly grant the borrower any relief that he might seek. For instance, a receiver might be appointed to collect council rates. Such a receiver would not be interested in undertaking repairs, maintaining lifts, or arranging transfers. Virtually the whole time of senior officers would be spent on the litigation involved. Every Conservative councillor would be liable to surcharge on the extra expenses involved.

The emergence of a Radical Right in the Conservatives is *now a very worrying feature in* local government.

Hammersmith is not the only borough where the Conservatives are threatening to default. I have noticed it in Brent. It is now incumbent on Mr Nicholas Ridley, the Secretary of State, to stop this form of right wing lunacy immediately.

In every cloud, however, there is always a silver lining. Fortunately even at their peak in 1978 and 1982 the Conservatives did not control Hammersmith; there was a non-socialist coalition of which I was a prominent member. It is unlikely that the Conservatives will be controlling Hammersmith in 1990.

(Cllr) Simon Knott.
(London Borough of Hammersmith),
Greene and Co,
12a, Finsbury Square, EC2.

Hindsight on Chernobyl

From Mr D. Webster.

Sir,—David Fishlock's article (April 25) gives an unduly favourable view both of the effects of the Chernobyl disaster in Britain and of the performance of the National Radiological Protection Board in responding to it.

The individual risk of one in a million of fatal cancer quoted by John Dunster is an average for the whole UK population. But some babies in North Wales, Cumbria and south west Scotland are estimated by the NRPB to have received radiation doses some 40 time greater than the UK average, with a correspondingly greater risk. Their risk of thyroid cancer in particular is estimated by Dr Keith Baverstock of the *Medical Research Council* to have been increased by up to 40 per cent above normal.

The board's initial assessments of fallout levels later turn out to have been very overoptimistic, and Dunster's statement on May 6 last year that "the whole thing will be over in a week to 10 days" will be remembered without amusement by the owners of the 300,000 sheep still under restrictions today.

The warning not to drink fresh rainwater issued on May 5 last year ought to have been put out 48 hours earlier, and as a result the NRPB now estimates that it only saved 20-33 per cent of the dose to the most affected groups from this source.

Most seriously, no warning of any kind was issued in respect of fresh milk, even in relation to young children and pregnant women living on farms in the most contaminated areas. This omission has been criticised for instance by Professor Murdoch Baxter, director of the Scottish Universities Research and Reactor Centre, and on the dose *criterion later adopted for* lamb there is no doubt that some kind of action should have been taken.

At the end of the day, on the NRPB's reckoning, Britain did worse than Greece, Italy, West Germany, Holland and France in cutting radiation doses to the most exposed people.

David Webster.
38, Crompton Avenue,
Glasgow.

The nonsense of tolls

From the Chairman,
Liverpool Stores Committee

Sir,—We found it a strange coincidence that on March 31 you published a map of financially active neighbourhoods in Merseyside in an article on inequalities on the same day as the Comptroller and Auditor General highlighted the problems of the finances of the Severn and Erskine bridges. The Scottish Development Department apparently recog*nises that* the accumulating debt on the latter means that it cannot be recouped within a stipulated 20 year period.

The Merseyside tunnels are a vital link in Merseyside urban area and so not comparable with long distance links such as the Severn or the Tyne or the Dartford tunnels; they are of great importance in linking Liverpool city centre to the largest concentration of affluent people in this region on the Wirral (as can clearly be seen on your map). Tolls, however, now add £1 to the cost of a trip from the Wirral to the city centre and back. This increasingly acts as a deterrent to those who might have spent money in Liverpool rather than, say, Chester. The loss of trade adds to the overall economic problems of this beleaguered city. All the economic projec*tions we have seen suggest that* there is no way that the debts on the Mersey tunnels can ever be paid off—let alone in the 20 years.

In February 1986, the House of Commons select committee on transport recommended, with respect to tolled crossings: "debts owed to central government should be written off immediately" and that the "debts owed to local authority sources" should be "discharged over a fixed period," and also that "there is a very strong case for the abolition of tolls without any additional cost being imposed on the motorist."

Furthermore since, apparently, the cost of collecting the tolls is 12 per cent of total receipts, is it not time that the nation ended the bureaucratic nonsense of these tolls?

A. T. Davies.
c/o Boots the Chemist,
90-94, Church St,
Liverpool.

Representing the consumer

From the General Secretary,
Fabian Society

Sir,—The appointment of Sir Phillip Shelbourne and Professor Alan Budd (April 23) to the Securities and Investments Board continues the severe under-representation of individual consumers on this vital consumer protection body.

Of the 18 board members, eight are described as "non-practitioners." But these largely represent the corporate consumer concerned with raising funds in the financial markets. The corporate investor is also represented by the presence of leading fund managers. But there is only one board member qualified to speak on behalf of the tens of millions of individual consumers: Rachel Waterhouse of the Consumers' Association.

The failure of investor protection bodies to involve more authentic consumer representatives (and the SIB is no better than the other SROs) is a major weakness *in* their structure. With millions of new investors in shares, increasing incentives for individuals to invest directly in securities and the explosive growth of financial services retailing, the customer deserves better representation than this token seat.

John Willman.
11 Dartmouth St SW1.

Graduate recruits

From Mr C. L. B. Eve

Sir,—I fail to see why "steep falls in the numbers of students applying for jobs" should be "*causing* concern to employers seeking graduate recruits" (April 21).

Surely, if BP's intake is down 40 per cent on last year (170 this year against 300 last year), *it should hardly be surprised* if it receives 40 per cent fewer applications (4,500 against 7,500).

Christopher L. B. Eve.
41 Sharrow Street,
Sheffield.

FINANCIAL TIMES
Thursday April 30 1987

US buyouts put TV in the news

William Hall in New York looks at an investigation into recent changes in control of the three major US television networks. Mr Larry Tisch (left), CBS chief executive, is due to appear before the hearing today

MR Edward R. Murrow, the legendary US broadcaster responsible for making CBS News the most respected of the three US network television news programmes, "would not now be hired by CBS," Harvard economics Professor J. K. Galbraith, told a US Congressional hearing this week.

Prof Galbraith added that, if Mr Murrow had been hired "considering his capacity to offend, his job might not be secure."

The professor was one of several witnesses to question, at the start of three days of hearings into the status of US network television, whether recent changes in control of the three major networks – CBS, ABC and NBC – were in the national interest.

Mr Edward J. Markey, whose subcommittee on telecommunications, consumer protection and finance is conducting the investigation into the effects of the recent mergers and acquisitions on television network news, said: "The network are being treated like financial commodities to be bought and sold. The American people have a right to know whether this will affect the broadcaster's primary duty to keep the public informed."

Today Mr Laurence Tisch, the Wall Street financier who recently took over as chief executive of CBS in a bid to reverse its declining financial fortunes, will appear before the sub-committee to give his side of the story.

Also appearing will be Mr Tom Murphy, whose Capital Cities group bought Abc in 1985, and Mr Bob Wright, the finance man put into run NBC after General Electric took over its parent RCA last year.

All three men have been laying off people in the news divisions of their respective networks raising fears that they are jeopardising their public responsibilities to boost financial returns. This will be hotly denied, but all three are likely to underscore the recent dramatic changes in the US television market which led to the changes in corporate control.

Mr Tisch told the Ganett Center of Media Studies on Tuesday: "The traditional television marketplace has not just changed. It has virtually disappeared and a far more complex and uncertain economic environment has taken its place."

Mr Tisch listed changes which have led to a halt in the uninterrupted growth of network TV for the past 35 years. He said that cable TV had been a "trivial factor" in the 1970 broadcasting landscape, with audiences too small to warrant measurement. Today, almost 80 per cent of American homes were passed by cable and nearly half TV households subscribed to a basic cable service.

While the average TV viewer in 1970 received only four or five channels, three of which were networks, the average TV household now received 20 channels.

Since 1970, "we have gone from none to over 50 basic cable TV programming services" and the number of non-network independent TV stations had jumped from 129 to 317, said Mr Tisch. He added that Mr Rupert Murdoch's new Fox TV network now reached more than 80 per cent of the market.

The "stunning" success of the video cassette recorder (VCR) had also dramatically altered the marketplace, said Mr Tisch. In 1979 only 480,000 VCRs were sold and analysts had predicted that 12m would be sold by 1985. The predictions were wrong. Since 1984, VCR penetration had skyrocketed from 11 per cent to 48 per cent and more than 40m TV households now had VCRs.

These changes took a toll on the big three networks whose share of prime time fell from a combined 90 per cent in 1980 to 73 per cent in 1986. Advertising revenues now had to be shared with competing video and cable TV services.

Cable television advertising alone now exceeded $1bn a year and quality programmes that used to go automatically to the three networks were now being aggressively bought by the alternative video distribution systems.

"While we can today look back knowingly at these changes, they were not readily apparent just a few years ago," said Mr Tisch. He added that TV "is no longer a unified and coherent industry and that the notion of the scarcity of TV alternatives, which has always been the underlying premise of the economics and regulation of US TV, is no longer true."

During the 1970s network advertising soared and, regardless of sizable network rate increases, advertisers could not seem to get enough. In that environment network profits grew, investments in other businesses increased and news division budgets rose rapidly.

"In the context of the overall growth of network revenues, profitability and expenditures, these increases seemed tolerable. But then everything changed," said Mr Tisch.

As the economy slowed down, advertisers changed patterns and amounts of spending and the annual growth in network revenues and profitability "suddenly seemed to stop."

For the first time in its history, CBS has reported a network loss in two consecutive quarters.

Mr Alan Sugar

Sugar beats the drum for Amstrad

By David Thomas in London

MR ALAN SUGAR, the British businessman, built up the Amstrad computer and hi-fi company from nothing into an enterprise worth almost £1bn ($1.63bn). Now, for the first time, he has revealed the secrets of his success.

Mr Sugar was brought up in a working class district in the East End of London. He left school at 16 and set up a company, selling car arials. At 40, he is now one of the richest people in Britain.

He still owns almost half of Amstrad, giving him a paper fortune of nearly £500m.

Yesterday, Mr Sugar told an audience of aspiring executives at the City University Business School in London that he had often been asked: "How did you make your fortune?" he had never answered the question.

"The reason for being evasive is that no one would believe how simple it was," Mr Sugar said.

Secret number one is not to be over-awed by professional advice, particularly from the City.

Mr Sugar described a visit to Kleinwort Benson, his merchant bankers, where he heard for the first time the strange language of cash flow, financial forecasts and p/e (prices/earnings ratio), which he thought meant physical education.

Drifting off to sleep one night "I was suddenly woken with the question: 'Mr Sugar, what pe do you think you have?' I replied: '20 press ups every morning.'"

"The funny thing is that they weren't shocked and went on to talk about press ups."

Mr Sugar's next tip to becoming a multi-millionaire is to have nothing to do with the press. "I avoid them like the plague," he confided.

Mr Sugar believes that journalists delight in building people up only to knock them down, so one should avoid "being exhibited around by the groupie-type posers who wish to be seen with the new blue-eyed boy."

Budding millionaires should not be lured into thinking about themselves in management jargon. "There are some words in our language that just simply bug and annoy me. Entrepreneurship is one of them," Mr Sugar said. He was giving a lecture in a series "Can the entrepreneur find multinational happiness and success?"

Americans are also best avoided. "I have had a bellyful of Americans who flit from job to job and exist in large empires as statistics. The sales people living in a dream world, asking you to build 50 factories on the basis of their potential customers saying 'Have a nice day.'"

Mr Sugar was thinking about the problems he had in distributing his word processor in the US, to judge from the unquotable remarks he went on to make about that experience.

Amstrad has a rigorous approach to its engineering: "If some outside observers saw the risks we take in engineering a new product, they would have kittens," Mr Sugar confessed.

It also has a straightforward personnel policy: "In our company we attract people who either catch on very quickly or they last two minutes."

The Amstrad chairman is particularly down on wimpishness when it comes to defending the good name of his personal computer. He believes that statements about alleged defects in the machine, widely reported in the press, were part of a dirty tricks campaign by some of his competitors.

Mr Sugar, who said he was not ashamed to be called a barrow boy, explained the difference between Amstrad and other leading companies: "Pan Am takes good care of you. Marks and Spencer loves you. Securicor cares ... at Amstrad, we want your money."

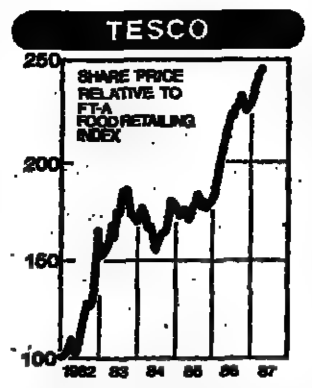
Mr Sugar concluded by telling his audience. "It is not customary for me to make speeches as I have done today." More's the pity.

THE LEX COLUMN

Down comes the boom

Draconian compromise – if such a thing can be – has emerged from the institutional conclave on pre-emption rights. The insurers stand adamantly for the principle of first-refusal for existing shareholders, on the one hand, but are showing their broad-mindedness by granting a general licence to issue 2½ per cent of issued capital for cash – so long as the directors fully declare the net effect of such issues in the annual report. Last week's demand for a 10 per cent blanket exemption could not have been more bluntly rebuked.

Those investment banks which were aggressively and opportunistically cold-calling with a nice line in European placings will find the going considerably tougher henceforth. The institutions could not really be expected to acquiesce in seeing bonds with put options going to ripe premiums; nor with the issue of straight equity for cash (less fees of 5 per cent). In future, there is to be justification by works alone; unless the promotors of an issue can make a really convincing case that it will not dilute the ordinary shares, they seem rather unlikely to get the necessary approval at extraordinary meetings. Those who succeed in convincing the institutions will have earned their rewards; for some time to come, financial advocacy of a very high order will be needed.



Tate and Lyle

For once Tate and Lyle's share price was moved by something other than political considerations yesterday. The 18p gain to 763p owed more to expectations that the tax charge would fall sharply this year to around 31 per cent from last year's 40 per cent, should Tate decide to stop providing for deferred tax. Interim pre-tax profits up 11 per cent to £40.2m were, frankly, dull though concealing the usual range of violent swings in divisional profits. But the prospect of earnings rising perhaps 30 per cent this year, and a multiple of a little over 10, ought to justify a bit more on the share price.

Nothing can distract for long from the S & W Berisford question, though, especially as it is not yet time to get excited about sucralose. Tate's lobbying position seems to be that either it is granted a better cane margin, in which case it can sell its own and Ferruzzi's stakes, or it interprets the Monopolies Commission report to mean that it can bid for Berisford again. Whether or not that works, Tate is at the mercy of decisions outside its control at least until it can buy yet other new businesses to reduce its dependence on sugar. And that is another good reason for getting the multiple up.

Rolls-Royce

As the climax to a detailed and effective marketing campaign, the Government's pricing of Rolls-Royce at 170p not unreasonably attempts to reap full benefit from the work that has been put in. Institutions and their analytical advisers are suitably convinced that Rolls is a real company and are certainly prepared to buy it on multiples at least as steep as the only comparable UK stock (that other denationalisation offering, British Aerospace).

Furthermore, the market seems to be repeating the pattern which gave British Ariways such a smooth takeoff. But unless 9 per cent base rates and a Conservative election victory still seem to be in hand, a week from now, there may not be a great deal left for the stags.

Tesco

Tesco's 36 per cent rise in pre-tax profits was already foreshadowed in the documentation of its bid for Hillards, so the shares, down 1p to 494p, barely reacted. Yet the full figures are no less impressive for that. A proportion of the striking increase in profitability is due to the sale of the Victor Value and Tesco Ireland businesses, but even after taking that kicker out, the ongoing Tesco managed to increase operating margins by almost a quarter to over 4 per cent.

Net margins have moved from 3.9 per cent to 5 per cent, so the quality gap between Tesco and Sainsburys at 6 per cent is narrowing. Not so the share price: assuming that Tesco makes about £205m pre-tax and property disposals this year, the prospective multiple of 17.5 is still over 10 per cent short of Sainsbury's. So Hillards shareholders thinking of the Tesco paper offer should have no suspicions about the strength of the Tesco price. The 20p shortfall between the Hillards price and the value of the paper offered is more to do with doubts whether Tesco can break down Yorkshire loyalties.

Failed bids

Without an incontestably generous offer it is becoming increasingly difficult to win a contested bid, particularly if the target happens to be defended by either Warburg or Barings.

Norcros's narrow escape from Williams Holdings ran against the grain of analytical opinion, but a solid phalanx of the loyalty-inclined institutions and the drip effect of all those lectures on short-termism proved too powerful.

The herd instinct, which most fund managers are prepared to recognise at least in their rivals, now looks likely to extend the benefit of the doubt to Chamberlain Phipps in its struggle to fend off Wardle Storeys.

Yet without the benefit of pension holidays Chamberlain's recent earnings per share record would have been even more dreadful and for an income stock its cover has been threadbare. It is a tribute to the loyalty of its core shareholders that it has only just been bid for.

The diversification into adhesives was strategically correct but indifferently executed, and a 65 per cent share of the shoe components market should have produced higher returns. The imminent improvements are real enough and Wardle Storeys has had a far easier ride to date than its quarry, but plenty of funds could be counting the cost of long-termism tomorrow afternoon.

Pretoria police raid union HQ

By Anthony Robinson in Johannesburg

ARMED South African police last night again sealed off Cosatu House in Johannesburg, the office base of more than 20 major black trade unions, only hours after the country's biggest union federation joined the anti-apartheid United Democratic Front (UDF) in calling for a two-day work stayaway to coincide with next week's whites-only elections.

The latest raid on Cosatu House follows a similar one last week when police detained hundreds of union workers. Last Friday's raid came after the fatal shooting by police of six striking railway workers. Three were shot less than a kilometre away from Cosatu House where the Cosatu-affiliated Railways and Harbour Workers' Union (Sarhwu) has its headquarters.

In a violent sequel to the six-week old strike and the dismissal last week of more than 16,000 black workers police yesterday reported finding the bodies of four black men who had been stabbed then set alight with flaming rubber tyres.

Police later connected the killings with the raid on Cosatu House. A statement said: "The police now possess reliable evidence that these four men, who appear to be transport services workers, were forcibly removed from work to Cosatu House. There they were violently assaulted and taken to Kaserne (a container depot) where they were butchered in the most barbaric fashion for no other reason than that they chose not to participate in Cosatu's actions."

A Cosatu worker inside the besieged building, who declined to be named, said police brought blacks disguised with balaclavas into the building to point out possible suspects.

In a statement shortly before police surrounded Cosatu House yesterday, the union said it called a stayaway on Tuesday and Wednesday in protest against a whites-only election "which capitalises on and deepens racism."

The statement said the stayaway was also in protest against the banning of Cosatu's "living-wage campaign," the shooting of strikers, and the "military-style siege of Cosatu House."

Confident Lawson puts tax cuts at centre of election stage

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE British economy is "doing even better" than forecast in the March 17 budget, Mr Nigel Lawson, the Chancellor of the Exchequer, claimed yesterday in a speech intended to make the economy and taxation one of the central themes of the forthcoming election.

He highlighted indicators published since the budget showing inflation "slightly lower" than was suggested then, "the current account of the balance of payments performing better, so far, than predicted", and "output rising if anything rather faster."

This bullish outlook was presented in the House of Commons debate on the Finance Bill proposal to reduce the basic rate of income tax by 2p to 27p in the pound. Mr Lawson noted the 1979 target of a basic rate of no more than 25p, "an objective which, given the continuation of present policies, it should not take too long to achieve."

The debate was billed as a prelude to the election exchanges on the economy with an ebullient Mr Lawson arguing that the choice was between "a party of lower taxation and opposition parties of higher taxation".

He said that the gulf between the parties on tax was in part a profound difference of political philosophy on the role of the state and its relations to the individual.

However, at one stage only five Labour opposition MPs, all but one on the front bench, were present.

Labour believes that it has scored a major point in the repeated refusal of ministers to rule out future changes in the scope or rate of value added tax.

Mr Lawson said the Government had no intention of extending VAT to food. He also said that no work had been "commissioned or undertaken inside or outside the Treasury on any proposal by ministers to increase VAT or extend its coverage".

But he added that the Treasury was partially funding an academic research project on the impact of possible changes in VAT.

Yesterday's debate set the terms of the election contest with Labour and the Social Democratic/Liberal Alliance voting against the 2p cut.

Mr Bryan Gould, Labour's campaign co-ordinator, argued that any available money should be used for investment. He repeated Labour's pledge to maintain the tax burden.

The party has said that in government it would recoup the revenue lost to the Treasury by the 2p income tax cut without necessarily reversing the reduction itself.

However, the Alliance regards last night's vote as the end of the matter because it will not be promising in its manifesto to reverse the cut.

It has also modified its tax and social security proposals with the dropping of its original plan last autumn to abolish the married man's tax allowance. Instead, the allowance would be maintained in money terms and the overall plan would be phased in gradually with almost no immediate losers.

Further evidence of the probability of a June general election will come today with the announcement of next week's Commons business, which is unusually busy for local election week with the completion of several bills and orders.

Westland may make 1,000 redundant

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WESTLAND Helicopters is likely to axe between 900 and 1,000 out of the total 1,250 jobs at its factory at Weston-Super-Mare in south-west England because of a rundown in work.

The Company, part of the Westland Group, plans to keep open the factory which makes, repairs and overhauls metal rotor blades for Westland helicopters, and makes parts for other aircraft, including the French Super Puma helicopter.

When the British Government recently announced its £300m rescue package of orders for Westland, it was widely expected that the Weston plant would have to be closed, and that with other cuts, up to 2,000 of the helicopter division's total 6,000 workers would be made redundant.

The decision to retain a much-reduced Weston plant is the first outcome of a study by the company of the options open to it. Further decisions are expected in the near future.

The French Puma contract expires later this year, and Westland is seeking other work to take its place. Success would enable it to retain up to 350 workers at Weston, keeping redundancies down to about 900.

The Government's aid package included an order for 16 Lynx multi-role helicopters for the armed forces, and up to 25 of the utility transport version of the joint Anglo-Italian EH-101 helicopter for the army.

But the EH-101 will still take some time to bring into production, and interim redundancies are seen as inevitable throughout the Westland Helicopter division.

US vote on trade sanctions

Continued from Page 1

tion to lift punitive duties imposed on $300m of Japanese electronic imports.

President Reagan and his senior trade officials have been signalling their desire to remove the tariffs imposed on the grounds that Japan was breaching the bilateral pact on semiconductor dumping.

Mr Malcolm Baldrige, Commerce Department Secretary and a man who normally takes a tough line on trade issues, also struck a concilatory tone saying he expected the duties to be lifted. "We would like to lift those sanctions as soon as possible," he said.

The Administration, however, is still insisting on evidence that the Japanese will continue to adhere to the pact. A US decision on the removal of the tariffs is not expected before the end of May.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	17	63	Malta	S	18	64	Rhodes	R	18	64
Algiers	F	20	68	Edinburgh	S	21	70	Manchester	F	18	64	Rio de J'o	C	27	81
Amsterdam	F	22	72	Faro	S	20	68	Manila	S	34	93	Rome	S	18	64
Athens	C	12	54	Florence	C	—	—	Melbourne	C	15	59	Salzburg	S	21	70
Bahrain	S	31	88	Frankfurt	S	22	72	Mexico City	S	24	75	San Francisco	F	10	50
Bangkok	C	34	93	Funchal	C	18	64	Miami	S	26	79	Seoul	S	21	70
Barcelona	S	18	64	Geneva	F	21	70	Milan	S	20	68	Singapore	F	29	84
Beirut	C	28	82	Gibraltar	S	21	70	Montreal	C	3	37	Stockholm	S	20	68
Belfast	F	17	63	Glasgow	F	16	61	Moscow	C	9	48	Strasbourg	S	24	75
Belgrade	S	15	59	Guernsey	S	16	61	Munich	S	20	68	Sydney	S	25	77
Berlin	S	21	70	Helsinki	S	20	68	Nairobi	F	28	82	Taipei	S	28	82
Biarritz	S	24	75	H. Kong	S	26	79	Naples	S	20	68	Tangier	S	22	72
Bombay	S	32	90	Innsbruck	S	23	73	Nassau	S	26	79	Tel Aviv	S	22	72
Bordeaux	F	21	70	Inverness	F	13	55	New Delhi	S	38	100	Tenerife	S	23	73
Brussels	S	22	72	Islamabad	C	35	95	New York	F	9	48	Tokyo	S	22	72
Budapest	S	18	64	Istanbul	F	9	48	Nice	S	19	66	Toronto	C	5	41
B. Aires	C	23	73	Jakarta	R	33	91	Nicosia	S	23	73	Tunis	S	20	68
Cairo	S	27	81	Jersey	F	18	64	Oporto	R	14	57	Valencia	D	16	61
Cape Town	S	23	73	Jo'burg	S	22	72	Oslo	S	15	59	Venice	S	17	63
Caracas	C	31	88	Lima	S	26	78	Paris	S	22	72	Vienna	S	19	66
Casablanca	C	20	68	Lisbon	S	21	70	Peking	S	25	77	Warsaw	S	19	66
Chicago	F	14	57	London	S	19	66	Prague	S	21	70	Washington	S	9	48
Cologne	S	24	75	Los Angeles	C	16	61	Reykjavik	R	1	34	Zurich	S	22	72
Copenhagen	S	17	63	Luxembourg	S	18	64								
Corfu	S	19	66	Madrid	F	20	68								
Dallas	F	17	63	Majorca	F	19	66								
Dublin	C	17	63	Malaga	C	20	68								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Merrill loses $250m

Continued from Page 1

Apparently Merrill was successful in selling the interest-only portion to thrift institution, but it had difficulty disposing of the principal-only portion at a time when US interest rates were rising rapidly and bond prices were falling sharply.

The US Government securities market has suffered one of its sharpest falls in recent years over the past few weeks amid mounting fears that the drop in the dollar would force the US to raise interest rates. Traders say that the mortgage-backed securities market has been even more volatile, with price declines of upwards of 10 points in some cases.

Merrill appears to have suffered one of the largest trading losses ever. It far exceeds, for example, the $165m lost by Marsh & McLennan on bond trading in 1984. The latest problems underline the dangers of the rapidly growing global securities markets, where an increasing number of complicated new securities instruments are being traded in heavy volumes. Industry regulators are known to be concerned that some of the firms have not properly identified the credit risks involved with these "derivative" securities and face potential heavy losses.

The trading loss also marks a potentially severe setback for Merrill Lynch.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday April 30 1987

THOMSON AND STET TO FORM ELECTRONICS GROUP

Go-ahead for European chip deal

BY PAUL BETTS IN PARIS

THE FRENCH and Italian governments yesterday gave the go-ahead for Thomson, the French state-owned defence and electronics group, and the Italian state STET telecommunications concern to merge their semiconductor microchip activities. The new group will become the second-largest European semiconductor concern after Philips.

Thomson and STET will each own 50 per cent of the new company, merging the non-defence semiconductor operations of Thomson with those of SGS, the microchip group controlled by STET.

The company will be based in the Netherlands and have annual sales of about $800m. It will rank 12th among world chip producers and have a 3 per cent share of the world semiconductor market.

After months of talks, the two companies agreed on the merger to create a European group big enough to compete in the world semiconductor market. However, Thomson's defence components business is not included in the deal.

Mr Pasquale Pistorio, SGS managing director, will take over as chief executive officer of the new concern while Mr Henri Starck, the executive vice-president of Thomson CSF, the French group's main defence and professional electronics subsidiary, is to become its chairman.

Mr Alain Gomez, Thomson chairman, and senior French government officials yesterday said the merger did not suggest a gradual withdrawal by the French group from this strategic sector. The deal was designed to reinforce France's semiconductor industry.

French officials indicated that both the French and Italian governments would continue to support the merged company equally. The two governments are expected to finance about 50 per cent of the group's research and development this year. This is likely to entail about FFr 250m-FFr 300m ($50m) in French government support and a similar amount from Italy.

Thomson also announced a strong advance in the consolidated net earnings of both its main holding company Thomson SA and Thomson CSF. Thomson SA's earnings rose to FFr 1.8bn from FFr 583m the year before with sales increasing by 8 per cent from FFr 59.9bn in 1985 to FFr 62.7bn last year.

Thomson CSF's earnings rose to FFr 2.2bn last year from FFr 960m the year before. Sales of the main Thomson subsidiary quoted on the bourse rose from FFr 32.6bn in 1985 to FFr 36bn last year.

Thomson's earnings advance reflects strong profits from financial operations. Indeed, the group has set up a large financial services branch over the last few years which has turned into an important source of profit for Thomson.

The group's electronics and defence systems businesses saw operating profits advance to FFr 926m last year from FFr 807m the year before. Components and semiconductors lost FFr 237m compared with FFr 299m the year before and the medical equipment business saw a surge in profits to FFr 240m last year from FFr 101m in 1985.

Mr Gomez said Thomson's consumer products division had staged a recovery with profits of FFr 389m last year, compared with profits of FFr 358m in 1985. There was no question of Thomson shedding this second core sector after defence and professional electronics.

Mr Alain Gomez, Thomson chairman

PepsiCo's earnings growth quickens

By Roderick Oram in New York

PEPSICO, the world's second-largest soft drink company after Coca-Cola, has reported faster growth of first-quarter earnings than it expected, following strong performances by its three business segments: drinks, snack foods and restaurants.

Net profit from continuing operations for the three months ended March 31 rose 17 per cent to $81.7m, or 31 cents a share, from $69.7m, or 27 cents, a year earlier.

Final net profit was cut to $68.9m, or 26 cents, against $68.7m, or 26 cents, a year earlier by losses from discontinued operations and disposals.

Sales grew by 34 per cent to $2.29bn from $1.71bn, in part reflecting major acquisitions such as the Kentucky Fried Chicken restaurant group and Seven-Up International soft drink operations.

Snack food profits expanded by 41 per cent on a 6 per cent sales growth thanks to higher sales by Frito-Lay products and higher profit margins reflecting cost control and lower spending on new products.

The upturn at Frito-Lay, PepsiCo's most important profit centre, follows several years of stagnant earnings.

Soft drink earnings expanded by 32 per cent on a 40 per cent increase in sales. Excluding acquisitions, domestic soft drink earnings rose 23 per cent. Pepsi-Cola brands achieved 5 per cent volume growth in the US in the quarter, which was faster than the industry rate. International sales rose 28 per cent.

Restaurant earnings rose 48 per cent on a 67 per cent increase in sales, reflecting the October 1986 Kentucky Fried Chicken takeover and a 3 per cent growth in sales per US restaurant. A strong performance at Taco Bell was offset by lower earnings at Pizza Hut

Ford first-quarter profits rise to record $1.5bn

BY OUR FINANCIAL STAFF

FORD MOTOR, the second-biggest US motor manufacturer, yesterday reported record first-quarter earnings of $1.49bn, or $5.73 a share, confirming its supremacy over General Motors, its larger rival.

The latest earnings are more than double the $728.3m, or $2.70 a share, achieved in the first quarter of 1986 and contrast sharply with the 25 per cent decline in first-quarter profits at GM, announced last year. Ford's sales in the latest quarter jumped from $14.8bn to $18.1bn.

Wall Street reacted enthusiastically to the news, with the shares up $5¼ in mid-morning trading at $86⅞.

Mr Donald E. Petersen, Ford's chairman, said the record first-quarter profits "reflect strong performance in the market and continued improvements in Ford's ongoing level of profitability."

Improvements in product quality, manufacturing technology and productivity had contributed to the performance. In North America, first-quarter earnings also improved because of an rise in dealer inventories from low year-end levels.

In the US, where the company is benefiting form the success of the recently introduced Taurus and Sable models and improvements in quality, Ford's after-tax profit was $1.16bn, up from $566m a year ago. Increased market shares for both cars and trucks also contributed to the improvement.

Outside the US, Ford earned $330m, compared with $132m in the year-ago first quarter. Mr Petersen said Ford's car and truck market shares in the US, Canada and Europe had all risen last year. Ford's US car market share in the latest quarter was 20 per cent, he said.

Ford's US truck share was 29.4 per cent, reflecting improved shares for the Ranger, Bronco and Aerostar.

Ford's 105 per cent rise in earnings is the only increase reported among Detroit's "Big Three" automakers. Apart from the fall at GM, earlier this week Chrysler reported a 24 per cent decline in its net to $289.7m, or $1.24 a share.

Last year, Ford surpassed its larger rival in earnings for the first time. Analysts has expected Ford's earnings to come in at $4 to $5 a share.

SKF raises profit 8% in first quarter

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SKF of Sweden, the world's leading manufacturer of rolling bearings, increased its profits (after financial items) in the first quarter by 8.6 per cent to SKr 380m ($60m) from SKr 350m a year earlier.

Operating profits rose by 9.1 per cent to SKr 358m. The figures have been adjusted to exclude SKF's special steel operations which were merged last October into a 50/50 joint venture with Ovako of Finland.

SKF said that demand for rolling bearings, tools and components had been lower than expected in the early months of the year. Bearing sales to the car industry had improved, however, with particularly strong demand in West Germany.

Low growth in the market generally and the sluggish business climate in both Europe and the US had increased pressure on prices.

SKF group sales rose by 8.8 per cent to SKr 4.9bn from SKr 4.503bn a year earlier.

The company said that its North American bearing operations had been returned to profit after the problems of the previous two years, helped by the far-reaching restructuring and reconstruction carried out in 1986.

SKF is still trying to increase its North American presence, which has lagged behind the group's average market share worldwide of some 20 per cent. Last year, it acquired MRC, a small rival US bearings producer.

The group reduced its US workforce in 1986 and closed one plant. It improved the productivity of remaining plants by some 18 per cent.

Peugeot to pay first dividend in six years

By Our Paris Staff

PEUGEOT, the French private-sector car group which includes the Peugeot and Citroën marques, announced yesterday that it would pay its first dividend in six years.

The group also confirmed that it was planning to launch a capital increase. Details of the equity raising are to be disclosed early next month.

Peugeot expects to report higher-than-expected net earnings of about FFr 3bn ($500m) for 1986 compared with FFr 543m the year before. It ran a loss of more than FFr 8bn in 1984.

This strong recovery has prompted Peugeot to pay a net dividend of FFr 10 a share. The company last paid a dividend in 1981, of FFr 8 a share.

Texaco falls back by 64 %

By Our Financial Staff

TEXACO, the US oil major which earlier this month filed under Chapter 11 of the US Bankruptcy Code, yesterday said its first-quarter net profit had fallen 64 per cent to $118m, or 49 cents a share, from $328m, or $1.37, a year ago.

The company blamed falling profit margins in oil refining and marketing and the costs of its legal dispute with Pennzoil over Texaco's takeover of Getty Oil, which led to the Chapter 11 filing.

Mr James Kinnear, president and chief executive officer, said: "Texaco's lower first-quarter earnings generally reflected the continuing depressed overall business environment prevailing in the oil and gas industry."

Mr Kinnear said the company had benefited in the first quarter a year ago because declining crude oil prices had not been immediately passed through to petroleum prices.

Costs therefore fell more quickly than revenues, producing high margins in refining and marketing, or downstream, operations.

But, he said, the situation in the first quarter this year was exactly the reverse of a year ago.

"Increased crude acquisition costs could not be fully recovered in the marketplace, thus causing an erosion in the company's downstream operating margins in 1987," Mr Kinnear said.

The company said the direct costs had come from added legal expenses and higher interest costs on credit lines from its banks.

In the period immediately before the Chapter 11 filing, he said, the company was unable to buy crude oil at competitive prices or was forced to augment shrinking supplies lines with inferior goods.

"Now that Texaco Inc is free to pursue its court appeal without further threats of bond and lien pressures, many of those previous uncertainties have been removed," Mr Kinnear said.

Texaco has said it will appeal the case to the Texas supreme courts and, if necessary, the US Supreme Court.

Pennzoil recovers, Page 16; Chevron hit, Page 16.

Extel stock sent surging by speculation over tender buyers

BY NIKKI TAIT IN LONDON

THE FUTURE destination of Mr Robert Maxwell's near-27 per cent stake in Extel, the sporting and business information group, remained a mystery last night following the close yesterday of the tender offer for it.

The stake was bought by Samuel Montagu, the merchant bank, paying 481p a share, or a total of £84.55m. Montagu said it was acting as principal but added that it was now in discussions with one party over the possible acquisition of the shares.

The bank refused to elaborate further, or say whether the interested party was a UK or overseas company. Speculation among analysts still leans heavily in favour of United Newspapers, publishers of the Daily and Sunday Express, being the front-runner, with Reuters, the news and business information agency, or McGraw-Hill, the US-based book and magazine publishers, other possible candidates. United directors were unavailable for comment yesterday.

Neither N. M. Rothschild, which organised the tender, nor Mr Maxwell was prepared to comment on how many tenders were received although they confirmed that the Montagu offer was the highest received. A minimum tender price of 420p had been set.

Yesterday, shares in Extel added 11p to close at 514p on hopes that the ultimate buyer would launch a bid for the entire company. Mr Alan Brooker, Extel's chairman, said yesterday he had received no approaches and also remained in the dark. He did, however, add that Samuel Montagu had formally requested a copy of the company's share register.

Mr Maxwell first bought into Extel during the previous bid for the group from Demerger, a newly formed company, last year. Because he was at one stage deemed to be acting in concert with Demerger, Mr Maxwell was barred from making his own bid for Extel until the end of April 1987. Three weeks ago, however, he announced his intention of selling the stake.

Burlington to sue in $1.6bn takeover bid

BY OUR FINANCIAL STAFF

BURLINGTON Industries, the largest US textile group, yesterday responded to the $1.6bn takeover bid by Mr Asher Edelman and Dominion Textile of Canada by suing for an injunction against the offer and seeking more than $500m in compensatory and punitive damages.

At the same time, Burlington said that its board and management "will carefully evaluate the unsolicited, highly conditional 'offer' made by Samjens Partners." At the weekend Samjens, a partnership formed by Mr Edelman, the New York corporate raider, and the acquisitive Dominion, offered $60 a share for all the Burlington stock it does not own.

On Tuesday, the partnership told the US Securities and Exchange Commission that it had 8.7 per cent of Burlington's stock. The bidders also started a court action to foil Burlington's "poison pill" anti-takeover plan.

Burlington's suit, filed in a US district court, seeks damages against Mr Edelman, Dominion, and Samjens, as well as PaineWebber Group, the US investment bank, and Mr James J. Ammeen.

Mr Ammeen was a Burlington executive vice president and member of its executive policy committee. He resigned in November 1985. The company said the suit alleged that Mr Ammeen, in violation of his contract, provided PaineWebber with confidential and inside information about Burlington.

Burlington said the suit alleges PaineWebber then disseminated this information to various people, including the other defendants, in an attempt to induce a "bust-up takeover" of Burlington. The defendants are alleged to have used the information unlawfully in connection with acquiring Burlington shares, it added.

Burlington also said that in connection with its evaluation of the offer, its management and board would also consider all alternatives available to the company in order to protect the interest of holders, employees, customers, suppliers and communities in which it operated.

Commodore ahead despite fall in sales

By Louise Kehoe in San Francisco

COMMODORE International, the US personal computer manufacturer, has reported a modest profit of $1m or 3 cents a share, on reduced sales for its third quarter, against a loss of $36.7m, or $1.17, for the same period a year ago.

The profit represents Commodore's fourth consecutive quarterly profit after an extended period of heavy losses.

Commodore's sales were down, however, from $182.3m to $169.5m caused by slower US sales, the company said. Foreign sales represented over 70 per cent of total revenues.

Commodore aims to boost its US sales with the introduction of two new Amiga personal computers. The models are already being sold in Europe.

For the nine-month period, net income from continuing operations was $20.7m, or 65 cents a share, compared with losses of $129.1m. Tax credit brought the final net for the latest period to $26.5m, or 83 cents. Sales fell to $616.3m from $680.7m.

US MEAT PACKERS HEDGE AGAINST CHANGES IN CONSUMER TASTE

ConAgra beefs up diversity with Monfort deal

BY DAVID OWEN IN CHICAGO

AT FIRST glance, this month's agreement by ConAgra, the $6bn Omaha-based agricultural products conglomerate, to purchase Monfort of Colorado, the fourth-largest US beef packer, in a deal worth some $365.5m, may be construed as ill-advised.

After all, US red meat demand has been sluggish for some time – in stark contrast to the poultry market (among ConAgra's traditional strengths), where consumption continues to soar despite last year's higher prices.

However, diversification has lately become the trend for big meat companies, anxious to hedge against possible shifts in consumer tastes. ConAgra's big move into beef – which it had signalled earlier this year with the purchase of E.A. Miller, a Utah-based slaughterer – is just the latest of a series of similar moves in the industry.

Last year, for example, Texas businessman Mr Edwin Cox bought Swift Independent Packing, the third-largest beef packer, to add to his other beef and pork slaughtering and packing businesses. Cargill, meanwhile, the largest privately held company in the US with widespread interests in commodities, entered the pork sector for the first time in January, agreeing to buy a hog-slaughtering plant. Nine years ago, Cargill outbid ConAgra for MBPXL (since renamed Excel), the second-largest US beef packer.

"We have a simple strategy," explains Mr Walt Casey, a ConAgra vice-president. "To be diversified across the food sector." He adds: "The red meat business is a huge ongoing part of the food chain."

ConAgra is certainly, like Cargill, well-represented across the chain's other major links. In addition to its poultry interests (it is the second-largest US producer), ConAgra is a major force in the pork-products market, the largest US shrimp processor and the biggest publicly held grain trader. It is also among the largest players in the domestic frozen food market – a position which enables it to sell on a branded basis direct to the consumer.

As well as beef packing, Monfort will contribute both a large cattle feedlot operation and a lamb packing facility to ConAgra's quiver of businesses. The company recently announced plans to build a new 100,000-head cattle feedlot in Colorado – a project which would give it the largest feeding capacity in the US, at 280,000 head.

Monfort is expected to keep a high degree of autonomy when it is officially welcomed into the ConAgra fold, probably in June. "Our major businesses operate as independent operating companies," says Mr Casey. However, the chances are that the newcomer will be "challenged" to average more than a 20 per cent after-tax return on year-beginning equity – ConAgra's most important financial objective under Mr Charles 'Mike' Harper's chairmanship.

The company may have chosen the right moment to make its move into beef. The market's strength is unable to match poultry, where demand is still rising after last summer's drought killed millions of chickens in the south-eastern states, pushing the broiler market at one point to a record high 75 cents a pound. Beef prices held up well enough in 1986, however, for several in the sector – Monfort included – to "make good money," according to Mr Roger Spencer of Paine Webber.

Monfort earned $5.1m on sales of $1.6bn last year, a considerable turnaround from seven years ago when the firm lost $23.9m on sales of $756m. Revenues have been bolstered by the company's policy, under chief executive Mr Kenneth Monfort.

INTERNATIONAL COMPANIES and FINANCE

STEEL AND ENERGY GROUP DECLARES REGULAR QUARTERLY DIVIDEND

USX trims loss, predicts growth

BY WILLIAM HALL IN NEW YORK

USX, the US steel and energy group which is recovering from a long steel strike and a hostile takeover bid last year, more than halved its first-quarter losses and said it expected to be profitable for the full year.

The group, which lost $1.83bn in its last financial year, underlined confidence in its recovery yesterday by declaring a regular quarterly dividend of 30 cents a share.

It also reported a first-quarter loss of $97m, or $0.46 a share, compared with a net loss of $249m, or $1.06, in the comparable period of 1986. Sales shrank by 40 per cent to $2.8bn.

At the pre-interest operating level, USX's losses fell from [illegible] to $27m in the latest quarter, and net financing charges fell by $39m to $170m.

Mr David Roderick, USX's chairman, says the latest results reflect both the effects of the steel strike and costs associated with starting up the steel facilities after the end of the strike.

"Although some of the steel facility start-up costs will trail into the second quarter, we are confident that the worst is now behind us and expect the corporation to be profitable, both on an operating and net income basis, in the second quarter.

"In addition, based upon our present outlook, we expect to post a profit in each of the remaining quarters and to be profitable for the year," said Mr Roderick.

The group's oil and gas operations, which include Marathon Oil and Texas Oil and Gas, posted operating income of $121m on sales of $2.3bn in the latest quarter compared with an operating loss of $127m on sales of $2.6bn in the same period of last year.

USX's traditional steel business, which restarted production in February after the six-month strike, had an operating loss of $182m on sales of $190m, compared with an operating loss of $24m on sales of $1.4bn in the previous period.

Mr Roderick says the group's steel order book is stronger than originally anticipated. He adds that the start-up has been "going very smoothly and our re-entry into the steel market has been accomplished in an orderly fashion."

He expects the steel business to have a modest operating income in the second quarter, and in the second half of 1987 the group expects to achieve its pre-strike market share and, based on current steel costs and prices, forecasts profits in both the third and fourth quarters.

Chevron hit by lag in oil product prices

BY OUR NEW YORK STAFF

CHEVRON, the fourth-biggest US oil company, suffered a 47 per cent drop in first-quarter net income to $198m, or 58 cents a share, on a year ago, on revenues which fell 23 per cent to $6.8bn, as reported briefly yesterday.

Mr George Keller, chief executive, said that, "even though total earnings remain depressed, our domestic exploration and production operations were profitable for the first time since last year's first quarter. Much of this return to profitability was a result of the moderate increase in crude oil prices that occurred following the December 1986 Opec meeting."

The group's US exploration and production operations almost doubled earnings to $106m in the latest quarter, but the group's refining and marketing operations lost $52m in the first quarter compared with profits of $48m in the same period of last year.

Mr Keller said that petroleum product prices lagged behind the increase in crude oil prices, resulting in reduced sales margins and losses for Chevron's US refining and marketing operations. He added that sales margins by the end of the quarter, although still unsatisfactory, had improved.

The first-quarter earnings, which failed to cover the dividend for the second quarter running, benefited from $48m in net gains from asset sales including the company's share of diposals by Amax.

Chevron has continued to reduce the debt it took on to finance the acquisition of Gulf Corporation. Its interest expense fell 15 per cent, reflecting a 10 per cent decline in the average debt level from last year's first quarter.

Pennzoil recovers with $12m profit

By Our Financial Staff

PENNZOIL, the Texas oil and gas company seeking damages from Texaco over its takeover of Getty Petroleum, recovered to a net profit of $12.1m, or 20 cents a share, in the first quarter from a loss of $16.1m, or 49 cents. Revenues fell to $444.7m from $513.7m.

The deficit for the 1986 quarter followed a charge of $58m, or $1.42 a share, from a writedown of oil properties of Proven Properties, its 48.7 per cent owned affiliate.

Meanwhile, Mr Alfred Decrane, Texaco's chairman, is urging state legislators to pass a bill to limit to $1bn the bond Texaco must post to appeal the multi-billion dollar court award to Pennzoil.

The proposal is the only way Texaco could escape bankruptcy proceedings begun after a state court ordered it to post a bond of more than $10bn.

Mr Decrane's comments came in testimony to the US jurisprudence committee, which is considering the bill introduced by Senator Carl Parker and Representative Charles Evans.

The measure would put the limit on the bond that must be posted before a losing defendant could appeal a court judgment.

Texas law requires the losing defendant to post a bond roughly equal to the judgment in order to protect the winner's interests while appeals are pursued.

"We see it as the only chance to get out of bankruptcy before this litigation is finally resolved," he said.

Seperately, Mr Michael Cranes, Pennzoil's lawyer, said he had no immediate objection to the establishment of two creditors' committees in Texaco bankruptcy proceedings.

The US trustee on the Texaco case earlier named Pennzoil to one of the committees, made up of companies which compete with Texaco.

Consolidated-Bathurst still seeking acquisitions

BY ROBERT GIBBENS IN MONTREAL

CONSOLIDATED-BATHURST, the Canadian forest products group which turned down buying control of Domtar and British Columbia Forest Products earlier this year because they were too expensive, is still scouting for acquisitions.

The company, 40 per cent owned by Power Corporation of Canada and 15 per cent by Associated Newspapers of the UK, doubled operating net profit in the first quarter of this year. It expects substantial year-to-year gains throughout 1987 with strong newsprint, pulp and containerboard markets and recovery in its North American packaging operations.

Mr William Turner, chairman, and Mr Oscar Strangeland, president, said the Bridgewater newsprint mill at Ellesmere Port in the UK was making a profit. Pressure for price increases in pulp and newsprint in Europe were becoming intense because of currency changes. Higher prices would improve this operation's results.

Europa Carton, the large West German packaging subsidiary, with operations in the Netherlands, had a record 1986, but performance slipped in the first quarter this year.

Bathurst is still interested in expanding in the forest products field and outside Quebec, where it has most of its mills.

It is spending C$230m ($172m) upgrading its mills this year, about the same as in 1986, bringing the four-year total to about C$1bn.

The company's first-quarter earnings were C$33m, or 29 cents a share, on sales of C$533m, up from operating net profit of C$14.7m, or 11 cents, on sales of C$453m a year earlier.

After special charges in the 1986 period of C$47.4m to cover write-downs of oil and gas assets, there was a net loss of C$32.7m.

Meanwhile, CB Pak, the company's packaging arm, regards its newly affiliated Ravenhead division in St Helens, near Liverpool in north-western England, as a beachhead into the EEC.

Ravenhead, Britain's largest glass tableware producer, was bought for an undisclosed sum by Libbey St Clair, a 50 per cent-owned affiliate of CB Pak two weeks ago from the Guinness brewing group.

New management is being installed, and several million dollars will be invested in the St Helens plant to increase its competitiveness. The plant already exports about 20 per cent of its output to continental Europe.

Chapelle d'Albray, the big French paper manufacturing group, has proposed a C$350m coated magazine paper mill at Rivière-du-Loup, on the south shore of the St Lawrence river about 200 miles north-east of Montreal.

Quebec provincial government officials are due to meet the company's representatives next week, and federal officials are looking on with interest.

They are already being asked by the Quebec Government to provide financial support for a newsprint mill at Matane, further down the St Lawrence.

Pirelli UK profits slip

PIRELLI UK, the British offshoot of the Italian tyre and cables group, reports lower profits for 1986 with a sharp setback for the cables division more than offsetting a recovery on the tyres side.

On turnover up from £391m to £413m ($660m), profits before exceptional items and tax dipped to £19.2m last year from £21.3m in 1985.

Cable-making profits fell to £9.4m from £16m in 1985 when returns were inflated by an exceptional heavy flow of orders. Cable sales tumbled to £147m from £185m.

In contrast, tyre profits bounced from £5.9m to £8.4m on the back of strong sales and improving productivity. Opto-electronics also moved ahead strongly, lifting profits to £1.8m from £558,000.

Bond prices firm as pace of new issues slackens

BY CLARE PEARSON

EURODOLLAR PRICES improved by about ½ percentage point yesterday in brisk professional dealing, even though the US Treasury bond market eased in nervous trading ahead of the release of details of the US Treasury refunding package.

Dealers said all eyes would be focused on the direction of the dollar over the next few days against the background of the US-Japanese summit in Washington. But holidays on both sides of the weekend in Japan and Europe should limit trading volume.

The new issues market took a breather after two days of lively activity in the Eurosterling and Australian dollar sectors. One new deal emerged; an A$50m bond for Swedish Export Credit, launched by Salomon Brothers International.

The 14½ per cent deal, which matures in June 1989, is priced at 104½. It was bid at the level of its 1⅞ per cent fees.

The Australian dollar bonds launched on Tuesday, which totalled A$330m, seemed to be holding up well yesterday despite the congestion in the new issues market.

Prices in the Eurosterling market rose by up to ⅜ point, although yield spreads widened as the gains lagged those achieved in the gilt market. Dealers said the market was hoping for a further cut in UK base lending rates, following Tuesday's ½ per cent reduction to 9½ per cent.

In an unusual move, Paine Webber International an-

INTERNATIONAL BONDS

nounced that it was increasing the coupon and lowering the conversion premium on its recent $25m convertible for J. Bildner and Sons, the US food and grocery retailing chain. The stock is traded on the US over-the-counter market.

The coupon was indicated at 6½ to 7 per cent, and the conversion premium at 15 to 20 per cent. These compared with an original coupon range of 6 to 6½ per cent and a 20 to 25 per cent conversion premium.

In the D-Mark market, prices ended the day a touch better in quiet turnover.

In Switzerland, prices were maintained in fair volume. Swiss Bank Corporation led a SFr 200m 5 per cent bond for Hydro Quebec, which met a firm response from the grey market. The par-priced 15-year deal was quoted at less ¾ bid.

Shearson Lehman Amex Finance led a SFr 50m issue of convertible preference shares for John Crowther, the fast-growing UK textiles company. The deal coincided with further complaints by UK institutions about the dilution effects of these types of issues.

If converted, the bond would account for 7 per cent of John Crowther's enlarged issued share capital, taking into account a rights issue, also announced yesterday. This compares with the limit of 2½ per cent for international equity issues suggested yesterday by the Association of British Insurers.

The dividend on the issue is indicated at 3½ per cent semi-annual, and the conversion premium at between 10 and 15 per cent. The deal can be called after the fifth year at a price to give a 5 per cent yield.

French licence for Tokyo firm

BY GEORGE GRAHAM IN PARIS

DAIWA SECURITIES of Japan will today receive its French securities licence, following the settlement of a dispute between France and Japan over access to one another's financial markets.

The French Government has been blocking Daiwa's application for a securities licence, first lodged in November 1985, in retaliation for the obstacles it feels Japan has put in the way of French banks which have been trying to gain access to Tokyo's financial markets.

A high-level mission earlier this month, led by Mr Daniel Lebegue, director of the French Treasury, reached agreement with the Japanese Ministry of Finance on a solution to the dispute.

Daiwa will be the first Japanese company to benefit from the reciprocity agreement. In return, the ministry has agreed that the takeover of W. I. Carr, the stockbroker, by Banque Indosuez of France will not prejudice Carr's Tokyo securities licence.

The licence, under Article 99 of France's banking law, will put Daiwa on an equal footing in France with the other leading Japanese securities houses and will allow it to develop its activities in such areas as fund management and syndications, a senior Daiwa executive said yesterday.

Two further banks on each side are expected to have their applications for licences processed quickly as a result of the accord.

On the French side, Banque Nationale de Paris and Credit Lyonnais will be granted securities licences in Japan.

"The Japanese have confirmed to the French Treasury that our application will be authorised immediately. We consider the problem has been resolved," said Mr Jean-Maxime Leveque, chairman of Credit Lyonnais.

In Paris, meanwhile, Dai-Ichi Kangyo Bank and Mitsubishi Bank are expected to receive full banking licences from the French authorities.

French officials had become increasingly irritated by the obstacles Japan had raised before it would accept Credit Lyonnais's and BNP's applications for securities licences, and at the absurdity of having to refuse a licence for a bank as large as Dai-Ichi Kangyo.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 29

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 7¾ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 9¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Telecom 7⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Campbell Soup 10½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 10¼ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNCA 7¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 8¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 9 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 9¼ 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 7¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 8¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 8¾ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅞ 93 A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Cred. 10½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Cred. 11⅞ 90	[illegible]	[illegible]	107	[illegible]	[illegible]	[illegible]
Gen. Elec. Cred. 10¼ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoesch 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoesch 7⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoesch 8¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Liberty Mutual 8½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB of Japan 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB of Japan 8 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mercedes-Benz Cred. 7⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Merrill Lynch 8¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Akzo falls sharply in first quarter

By Laura Raun in Amsterdam

AKZO, the Dutch fibres and chemicals group, said its net income had fallen 18 per cent to Fl 180.3m ($90.2m) in the first quarter this year from Fl 218.7m a year earlier. The company blamed lower prices in synthetic fibres and start-up losses in its new aramid fibre.

Selling prices for synthetic fibres were depressed by the weaker dollar, particularly for exports outside Europe. Operating income in synthetic fibres plunged more than half to Fl 50m in the first quarter from Fl 91m in the year-ago period.

Akzo's new aramid fibre, called Twaron, was mostly blamed for the fall in earnings from non-consolidated companies to Fl 800,000 from Fl 12m. The company has declined to reveal the size of the losses for the super-strong, lightweight, heat-resistant fibre although initial production was delayed several times and a costly legal battle is being waged against Du Pont over its own aramid fibre.

The chemical products division also suffered a decline in operating income of 21 per cent to Fl 116m from Fl 146m on lower shipments of de-icing salt.

Sales fell 6 per cent to Fl 3.81bn in the January-March period from Fl 4.07bn in the corresponding period of 1986 due to cheaper selling prices, notably in export markets. The weaker dollar also hurt sales by shrinking revenue in terms of guilders.

NatWest picks DG Bank man for Frankfurt

By Our Euromarkets Staff

NATWEST INVESTMENT Bank, part of the National Westminster Bank group, has appointed Mr Uwe Flach, the long-serving head of capital markets at DG Bank, to spearhead a new drive into investment banking at Deutsche Westminster Bank, its Frankfurt arm.

"The decision to develop capital markets activities on a broader scale reflects the growing importance of Frankfurt as a financial centre," National Westminster said.

Mr Flach, 44, will become a director of County NatWest, the capital markets unit of NatWest Investment Bank, as well as joining Deutsche Westminster's board. He will be responsible for developing its corporate finance, and all D-Mark trading and new issues business.

As a director and general manager of DG Bank, Mr Flach was responsible for building up similar operations during his 11-year stay at the bank. Before joining DG Bank, he had worked for Dillon, Read, the US securities firm.

He will be replaced by Mr Michael Zenner, who is presently senior general manager for international business at DG Bank.

Monier agrees sweetened CSR offer

THE INDEPENDENT directors of Monier, the Australian building products group, have agreed unanimously to recommend to shareholders acceptance of the sweetened bid for the company by CSR, Our Financial Staff writes.

The recommendation is conditional on no higher offer being made.

CSR, whose interests already include building materials as well as sugar and resources, offered A$3.50 a share on Monday for 50.1 per cent of Monier. The remaining 49.9 per cent is held by Redland, the British building products group, which will not tender its shares.

After discussions with the Monier board, CSR yesterday increased its offer to A$3.80 a share. It also gave details of the alternative offer of shares; this consists of four CSR shares plus A$2.75 cash for every five Monier shares.

Lawson Mardon in equity offering

LAWSON MARDON, a Canadian-based packaging group formed in 1985 after a management buyout from Britain's BAT Industries, is tapping the international equity market for nearly one-third of an issue raising between $200m and $230m, Our Euromarkets Staff writes.

Credit Suisse First Boston is heading a syndicate for the offering outside the US and Canada of 5.4m shares at between US$12 and US$14 each.

A further 6.5m are being sold by Lawson Mardon in Canada and 4.6m in the US, of which 1.5m currently belong to Prudential Insurance of the US.

Sydney seeks wider futures trade

BY CHRIS SHERWELL IN SYDNEY

SYDNEY FUTURES Exchange, which claims to be the leading futures exchange in Asia, has set out to boost volumes for its poorly-traded internationally-linked futures contracts.

Details of the campaign emerged as the exchange reported a trebling in volume of all contracts traded in 1986 and a continuation of the trend this year.

The figures show 3.4m contracts traded in 1986, compared with 1.22m in 1985, and 1.14m contracts in the first quarter of 1987 against nearly 648,000 in the same period last year.

Most of the interest has focused on domestic financial futures contracts for 90-day bank accepted bills and ten-year Australian Treasury bonds and a contract based on the All-Ordinaries shares price index.

The internationally-linked contracts include two with Liffe in London—for US Treasury bonds and Eurodollar interest rates—and one for gold with Comex in New York.

Like the competing Simex Futures Exchange in Singapore, which has links with the Chicago Mercantile Exchange, Sydney's success with these contracts depends on the liquidity and depth of its markets. On these counts its shortcomings are officially acknowledged.

The campaign to improve liquidity focuses on the need for greater numbers of "locals." The exchange hopes to attract participants from the US as well as Australia and elsewhere.

"Of the highest importance is the expansion and development of a group of committed, active and experienced 'locals'," Mr Les Hosking, chief executive of the exchange, said yesterday.

"Non-residents of Australia will be encouraged to purchase or lease local memberships, and a temporary local membership category is available in special circumstances." Fee rebates were already available for high-volume trading, he added.

The other main tasks for 1987 was to consolidate the exchange's position after the expansion of 1986, the improved regulatory environment, the introduction of arbitration procedures and the establishment of a fidelity fund, Mr Hosking said.

Two more new contracts are to be introduced: A share index contract based on 20 stocks, and a revamped US dollar-Australian dollar currency contract matching one which has started trading in Chicago.

Mr Hosking also pointed out that the recent extension of Chicago trading hours to overlap with Sydney should make the Sydney Exchange a more attractive place to do futures business.

Traders in US Treasury bonds were more likely to use Sydney to lay off risk rather than cover through the cash market in Tokyo, he said.

Watchdog probes Mexican banks' sell-offs

BY DAVID GARDNER IN MEXICO CITY

MEXICO'S Comptroller General's office is to investigate the procedures used by the country's nationalised banks to privatise up to 34 per cent of their capital, according to Mr Enrique del Val, the deputy Comptroller General.

Mr del Val said his office had "asked the Finance Ministry officially to inform us what the procedure was in the sale of CAPs [Certificados de Aportacion Patrimonial].

The CAPs were a form of new bank stock, which the two maion commercial banks, Banamex and Bancomer, issued on February 6. The issues led to controversy, when the CAPs quickly increased in value, more than fivefold in Banamex's case and more than threefold for Bancomer. Nearly all the shares were pre-sold to bank executives and employees, and on a discretionary basis to favoured clients.

The two large banks also issued two convertible bonds tied to each CAP, redeemable at market price less 25 per cent from next week. Five more banks have also issued stocks. Three have issued only CAPs, but all have priced their shares at substantially higher price-to-earnings and net-worth ratios.

All Mexico's commercial banks were nationalised in September 1982, at the height of a financial crisis. President Miguel de la Madrid's administration, which took office in December 1982, has attempted to rebuild business confidence by selling financial services companies owned by the banks, and now a third of equity in the banks, back to the private sector.

Although the Government has successfully placed the bank stock, which looked unlikely at the beginning of the year, it has faced sharp criticism from the more independent newspapers, the opposition and trade unions.

Strong growth at Japan's top stores groups

BY YOKO SHIBATA IN TOKYO

JAPAN'S FIVE biggest department store groups have reported strong growth in earnings, underpinned by firm consumer spending, despite slower sales of clothing because of mild winter weather.

The results reflect streamlining efforts such as reducing stocks and borrowings, strengthening balance sheets and improving gross profit margins. For example, Mitsukoshi had eliminated borrowing and outstanding debt issues entirely by the end of the year, for the first time in 30 years.

The stores' streamlining efforts were accompanied by interest rate reductions and benefits from the strong yen, including reductions in the cost of imported goods.

For the fiscal year to February 1988, the five stores groups expect sales growth of 3 to 5 per cent and pre-tax profits up by 5 to 10 per cent.

Six leading supermarket chains, excluding Daiei, achieved record pre-tax profits, on the strength of opening new stores. Nichii's decline in sales was caused by shifting seven stores in Kyushu to a subsidiary. The supermarkets also benefited from the strong yen.

For their current year, the top four supermarket chains—Daiei, Ito-Yokado, Jusco and Seiyu—expect revenues to increase by 3 per cent, backed by the opening of new outlets and refurbishment of existing stores.

DEPARTMENT STORES*

	Sales	Pre-tax profit	Net profit
Mitsukoshi	600.3	8.3	3
Takashiaya	525	13.3	4.6
Daimaru	502.6	2.7	1.2
Matsuzakaya	372.8	8.5	3.5
Sogo	232.8	6	2.8

SUPERMAKET CHAIN STORES*

	Sales	Pre-tax profit	Net profit
Daiei	1,446.2	19.1	6.4
Ito-Yokado	987.8	52	25.4
Seiyu	823.51	9.4	3.9
Jusco	774.56	23.7	11.41
Nichii	560.37	18.15	8.61
Nagasakiya	299.01	5.93	2.76
Uny	430.33	16.84	7.67

*Figures in both tables in Ybn.

AIBD BONDS INDICES
WEEKLY EUROBOND GUIDE APRIL 24 1987

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	9.257	2.050	9.619	8.440
Australian Dollar	14.399	−0.425	14.735	12.830
Canadian Dollar	10.332	4.332	10.840	9.372
Euroguilder	6.211	−0.273	6.250	5.804
Euro Currency Unit	8.801	4.044	8.882	8.164
Yen	5.534	−3.066	6.702	5.218
Sterling	9.656	−2.178	11.609	9.655
Deutschemark	5.970	0.101	6.652	5.961

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INTL. COMPANIES and FINANCE

Banks fear Spanish utility may cut interest payments

BY DAVID WHITE IN MADRID

FUERZAS Electricas de Cataluna (Fecsa), the Spanish power utility which is trying to renegotiate more than $2bn of bank loans, is understood to be considering a unilateral move to cut interest payments.

International bank creditors, which are due to hold a meeting with Fecsa in London next Wednesday, described the threat as "an important escalation" in the Fecsa affair. Fecsa, however, has not notified its creditors officially of such a plan.

The company has already proposed that its creditors agree to reducing rates on its foreign currency loans to 1.5 points below the London interbank offered rates (Libor) and on its peseta bank credits to two points below the equivalent Spanish Mibor rate, up to the end of 1991.

The threatened move would involve Fecsa paying interest at an even more reduced level during the negotiating period in order to force an early agreement.

The company has about $1.2bn in loans outstanding to foreign banks, out of a total debt including bonds of about $5bn. Last month it suspended principal repayments on its bank loans but said it would continue to meet interest obligations.

Foreign bankers said that if Fecsa were indeed to cut interest rates unilaterally, it would increase the risk of one of its creditors invoking default clauses and calling in its loans. This could provoke a suspension of payments by the company and a court-supervised settlement.

The bankers warned that a prolonged wrangle with Fecsa would incur the danger of a "domino effect" in the rest of Spain's private-sector utilities, whose access to external financing has been held up by the Fecsa affair.

Nestlé sees volume sales rise

BY JOHN WICKS IN ZURICH

THE NESTLE group expects "good internal volume growth" this year, according to Mr Helmut Maucher, the managing director.

He said in Zurich yesterday that Swiss franc sales had fallen in the first three months by more than 10 per cent compared with the corresponding 1986 quarter. This was, however, due to the further strengthening of the Swiss currency and the sharp decline in coffee prices. Sales volume and local currency turnover had developed well.

For 1987 as a whole, Mr Maucher said the foreign exchange and raw material situation made it impossible to predict Swiss franc results, but there was a "good chance" that the group would reach last year's sales and profits figures.

In 1986, when there was a negative exchange rate effect of 27 per cent, Nestlé group sales fell by 9.9 per cent to SFr 38.05bn ($26.06bn). Net profits rose 2.2 per cent to SFr 1.79bn.

At the May 17 annual general meeting the board is to propose an amendment to statutes which would increase from 10 to 20 per cent the maximum level of participation certificate capital within overall share capital.

The company still has the right to issue 800,000 certificates from a 1984 approval. However, Mr Maucher said the 1.5m to 1.6m new certificates were needed as discretionary reserves in case the company plans a big takeover.

Bank Leumi earnings fall by 95%

By Judith Maltz in Tel Aviv

BANK LEUMI le-Israel, the last of Israel's big commercial banks to publish its 1986 results, yesterday reported a drastic 95 per cent fall in earnings—in line with the general deterioration in the country's banking profitability. Net profit at Leumi totalled a mere Shk 4.4m ($2.75m) in 1986 after reaching Shk 99.3m in the previous year.

As a result of an 11 per cent contraction in total assets last year, to the shekel equivalent of US$24bn, Leumi has lost its long held number one ranking among Israeli banks to Bank Hapoalim. As an overwhelming two-thirds of Leumi's assets are denominated in foreign currency, it was hardest hit amongst the country's banks by the virtual freeze in the exchange rate last year.

Equity capital declined by a more modest 2.7 per cent, bringing about a slight rise in the bank's capital/asset ratio, to 3.6 per cent.

Mr Zadik Bino, Leumi's newly appointed managing director, atributed the bank's severely eroded profits last year to an especially heavy tax burden and to a hefty $125m provision for bad debts.

Property makes up for gold setback at Rand Mines

BY JIM JONES IN JOHANNESBURG

RAND MINES Properties, the Barlow Rand company which turns to account old mining properties around Johannesburg, suffered a decline in gold profits in the six months to March 31 1987. However, improved profits from property sales more than compensated.

Gold production, which comes from the re-processing of residue dumps on the old Crown Mines property, slipped to 1,158 kg from 1,243 kg in the corresponding period of 1986 and 2,390 kg for the last financial year as a whole.

Higher metal prices led to improved revenues from gold, but higher costs cut the half year's gold profit to R8.6m ($4.3m) from R10.4m. However, completion of property sales led to an interim pre-tax profit from property transactions of R5.4m, against a corresponding deficit of R404,000.

In the year ended September 30, 1986, gold profits were R19.1m and property development gave a pre-tax profit of R854,000.

The new gold recovery plant has been completed at the old City Deep mine and the full monthly milling rate of 200,000 tonnes is expected to be reached in May.

Earnings per share rose to 78 cents from 69 cents and the interim dividend has been maintained unchanged at 17 cents. Last year per share earnings totalled 129 cents and a total dividend of 65 cents was declared. The directors expect this year's earnings to be about 184 cents a share.

L'Oreal raises profits by 20%

L'OREAL, the leading French cosmetics group, improved profits last year by 20 per cent with sales 10 per cent higher, writes George Graham in Paris.

Net profits were FFr 930m ($155m). Operating profits rose slightly, to FFr 1.73bn, but financing costs fell by 79 per cent to FFr 44.25m. Overall tax rate also fell to 38.2 per cent from 40.3 per cent in 1985.

Sales of hair care products and cosmetics were strong, increasing by 12.7 per cent. Pharmaceutical sales showed a small increase of 2.5 per cent.

Bond sells 50% of Hong Kong complex

By David Dodwell in Hong Kong

MR ALAN BOND, the Australian entrepreneur, has agreed to sell 50 per cent of his interest in the HK$1.9bn (US$243m) Bond Centre in Hong Kong to Mr Harumori Takahashi of Japan.

The deal was unveiled just hours after a topping out ceremony for the Bond Centre, which was acquired in February by Bond Corporation International (BCIL), Mr Bond's Hong Kong-based subsidiary. The deal will greatly reduce the debts of BCIL, which local analysts had regarded as unsustainable.

Mr Takahashi will pay HK$128m for his 50 per cent holding in the Bond Centre. The investment will be made through EIE Development, a private investment company incorporated in Japan. EIE has interests in financial services, computers and hotels as well as property. It recently bought the Regent Hotel in Sydney.

Under the joint venture agreement for Bond Centre, a prestige development in Admiralty, adjoining the central financial district on Hong Kong Island, both EIE and BCIL will provide shareholder loans amounting to HK$665m for the project. Since BCIL has already received a loan for the project of HK$570m from its Australian parent, Bond Corporation, it will in reality be required to commit a further HK$95m.

EIE has also agreed to raise long-term loans amounting to at least HK$1bn to enable the joint venture to repay bridging loans and to repay shareholder loans as they fall due.

BCIL was founded in Hong Kong in January. Since then it has acquired a portfolio of properties from Hongkong Land, has taken a 27 per cent stake in TVB, Hong Kong's leading broadcasting group, and purchased the Bond Centre.

This has left the group with assets of HK$400m, but debt commitments of over HK$4bn. Plans for a rights issue, originally intended to raise $1bn, have been delayed as funding requirements have been revised, and underwriters secured. The group's share price has languished from a glamorous post-flotation level of HK$5.40 as plans for the rights issue have been redrafted. BCIL shares were being traded yesterday at around HK$2.40.

Two merchant banks, Wardleys and Jardine Fleming, were originally expected to underwrite the issue. But since completion of the deal to acquire the Bond Centre, these two appear to have stepped back. Sun Hung Kai and Banque Indosuez are now understood to be arranging an issue.

HK newspaper to float shares

MING PAO Daily News, a leading Chinese-language daily newspaper, will float HK$100m (US$12.8m) worth of its shares on the Hong Kong stock market, Reuter reports from Hong Kong.

A financial adviser for Ming Pao Daily News said the company expected the flotation, which represents one-quarter of its total assets, to be completed within two months.

Divestment fever hits Zimbabwe

BY TONY HAWKINS IN HARARE

BUSINESS LEADERS in Zimbabwe are unhappy at a series of moves announced recently by foreign companies to sell their interests in the country. They come at a time when Zimbabwe urgently needs more foreign private investment.

The South African-controlled Astra Corporation, a subsidiary of Barlow Rand, has sold 85 per cent of its equity to the Zimbabwe Government for a reported Z$254m (US$154m). Kenning Overseas Investment, the UK motor group, has sold control of its Zimbabwe subsidiary for an undisclosed amount to local interests, though it retains a 15 per cent equity stake. Kenning earned net profits in Zimbabwe of £1.25m ($2m) in 1986.

Other divestment deals reportedly under discussion include the proposed sale by Legal and General Insurance of the UK of its Zimbabwe interests to the locally-controlled TA Holdings group. C. T. Bowring, the British arm of the US Marsh & Maclennan group, is also considering the sale of its insurance broking interests to J. H. Minet, the British-owned insurance group.

Total, the French oil group, is interested in selling its Zimbabwean operations to the state-owned National Oil Company (Noczim).

Business commentators point out that the willingness of foreign companies to sell their investments at a substantial discount indicates growing pessimism about Zimbabwe's economic prospects. The Government was able to purchase 85 per cent of Astra Corporation for little more than a full year's pre-tax earnings. Astra reported profits of £8.8m in 1986 and its assets are reportedly valued at close on £40m—or about four times the purchase price.

The spate of divestment deals comes after seven years of independence in which long-term private sector capital inflows are put at no more than £32m. For more than two years now Zimbabwe has been promising the publication of a set of foreign investment guidelines designed to encourage new foreign investment.

U.S. TOBACCO COMPANY

First Quarter	1987 $	1986 $	% Change
Revenue	131.6m	117.9m	+12
Net profits	28.5m	22.8m	+25
Net per share	.49	.41	+20
Div per share	.30	.25	+22

Alcan to reduce Indian stake

ALCAN Aluminium is reducing its longstanding interest in Indian Aluminium from 50.5 per cent to just under 40 per cent, writes Robert Gibbens in Montreal.

The reduction will come when the Indian affiliate later this year issues 9m additional shares to Indian residents. Alcan said the dilution of its holding will release Indian Aluminium from certain government restrictions and allow it to compete more effectively and broaden its activities.

UK COMPANY NEWS

Crowther issues likely to break all the guidelines

BY ALICE RAWSTHORN

John Crowther Group, the acquisitive textiles concern, surprised the stock market yesterday by unveiling plans to raise £57.1m through a two-fornine rights issue and a convertible stock issue in Switzerland to finance its international expansion.

Crowther intends to raise £37.4m through the rights issue, by releasing 21.53m shares at 180p each. Its own share price fell by 12p to 200p on the announcement yesterday. The group will also issue SFr 48.1m (£19.7m) of convertible stock to be listed on the Geneva and Basle Stock Exchanges.

The convertible stock will represent 5.4 per cent of the authorised and 7 per cent of the issued share capital after the rights issue. It thus breaches both the old institutional guidelines for international issues and the new guidelines announced yesterday by the Association of British Insurers.

The rights issue has been underwritten by Hambros Bank, with L. Messel and Capel-Cure Myers acting as joint brokers.

In the last 18 months or so Crowther has grown rapidly by establishing a broadly-based group in the manufacture and distribution of clothing and carpets through a series of speedy acquisitions. Only a year ago Crowther was capitalised at about £35m, less than the amount of money it now aims to raise from the rights issue alone.

Crowther has almost concluded negotiations to acquire an unnamed manufacturer of contract carpets and carpet tiles in Europe for about £5.9m. It is also in active discussions to stage two substantial acquisitions in the US.

● comment

Opportunistic was perhaps the politest of the epithets applied to Crowther yesterday. To flout not only the new, but also the old institutional guidelines for international issues on the very day those new guidelines are announced is cheeky enough. But this pales in comparison with the impudence of a company which asks shareholders for more money than it was worth only a year ago and does not deign to tell them exactly what it intends to spend it on. Yet Crowthers has oozed impudence ever since Messrs Barker and Abrahams embarked upon their spending spree 18 months ago and shareholders have thrived on it. The sceptics may have muttered darkly about the group's ability to glean real growth when the whirl of acquisitions is over and the cost-cutting completed, but the share price has risen steadily. Even the most ardent of admirers may wonder whether it is politic to take on such substantial new interests overseas, when there is so much work to be done on its existing businesses, clothing especially. But Crowther has lots of admirers in the City and, impudent or not, this rights is unlikely to flop.

See page 37

Benlox drops into red after contract losses

A POOR performance in civil engineering and construction saw Benlox Holdings drop into the red with a pre-tax figure of £456,960, compared with a profit in 1985 of £365,784.

Loss per 10p share was 2.8p, compared with 1.3p credit, and turnover was £19.74m (£15.94m). But directors are recommending a maintained final dividend of 0.6p per ordinary share, making 1.15p for the year, against 1.1p in 1985.

Mr Andrew Millar, chairman, said the Arnold & Nathan Group had sustained significant losses from a small number of major design and construct contracts.

The board had been strengthened with the appointment of a new chairman and a finance director. Management controls had been strengthened and measures taken to prevent a recurrence of the problems of 1986, he said.

Phoenix Timber £4m rights and acquisition

BY TERRY POVEY

Phoenix Timber is raising almost £4m through a one-for-three rights issue at 110p. Of the issue proceeds, £2m will be used to acquire Protim Services, a timber treatment company, from Benlox Holdings.

The acquisition and rights issue, which is underwritten by Morgan Grenfell, are signs of Phoenix's recovery, said Mr Peter Quinn, the chairman. Last September, the struggling company benefited from a £5.2m rescue package put together by Morgan Grenfell.

Earlier in 1986 there had been a considerable change in management at Phoenix, with Mr Quinn and Mr David Darke, now managing director, joining the company at the urging of 3i, the investment group with a major stake in Phoenix.

Yesterday the termination of the service contract of Mr Michael Herman, veteran of an earlier attempted boardroom tussle, was announced as was the payment to this former director of £95,800 in settlement of all claims.

For the year to March 1986, Phoenix reported a pre-tax loss of £973,000 on a turnover of £37.2m. Yesterday Mr Quinn said that an estimated £600,000 pre-tax profit had been made to this March and that he expected that a final dividend of 1.5p would be paid—the first payout since 1985.

Protim made a profit before interest and tax of £215,000 in 1986 on a turnover of £5.2m. After capitalising a £750,000 debt to its former parent, Benlox, the net tangible assets being acquired by Phoenix are £814,000. The £1.2m of goodwill will be written off through merger accounting, said Mr Quinn.

Current prospects for Phoenix were for another improved year, he said. The end-March balance sheet for Phoenix would show gearing of about 60 per cent, this would fall to around a third after the rights issue was completed.

Following the news of the rights issue, Phoenix's shares fell 4p to 121p.

Mystery stake in Morgan Grenfell

By Hugo Dixon

A MYSTERY shareholder has used a nominee company owned by the Bank of England to build up a stake of nearly 5 per cent in Morgan Grenfell, the merchant banking group, over the past few months.

The Bank has refused to divulge the name of the beneficial owner of the shares, although Morgan Grenfell has asked it to. The Bank argues that it is exempt from requirements in the Companies Act 1976 forcing nominee accounts to reveal who is hiding behind them if asked by the company concerned.

Although the Bank is entitled to take this line, it is a contradiction with its staetd policy of advocating more transparency in share dealings.

The Bank said it had no answer for this contradiction except that it was not its wish but the Government's that its nominee account should be exempt from the requirements.

"It is not our wish; we were merely acting as the vehicle."

The Bank stressed, however, that Bank of England Nominees was only used by rarified bodies: certain foreign heads of state, governments, governmental bodies and members of royal family.

Even these can only use it providing they give a number of assurances. They must promise not to influence the company in which they are buying shares except at general meetings; promise that they are the beneficial owners of the shares; and move their shareholding out of Bank of England Nominees if it exceeds 5 per cent of the company's stock.

The Bank could not, however, give any satisfactory reason why the bodies using its nominee account should be accorded extra special treatment. Bank of England Nominees is the only nominee account to be exempted from the requirements of the Companies Act.

Hillsdown makes £25m rival cash offer for Garnar Booth

BY NIKKI TAIT

Hillsdown Holdings, the acquisitive food-to-furniture group, yesterday made a rare entry into the contested bid arena with a £25.2m cash offer for leather group Garnar Booth. Garnar has already agreed merger terms with fellow leather manufacturer, Pittards, whose offer is due to close on Friday.

Yesterday Pittard said it intended to go ahead with its own bid. "We view the Hillsdown offer with dismay and displeasure," said Mr David Macdonald, chairman of Pittards. "Garnar has been under the scrutiny of bidders for months and now, at the last minute, along comes Hillsdown."

Mr Macdonald added that Pittards has already received a "satisfactory" number of proxies in favour of its offer. However, Hillsdown immediately followed up the news of its bid with some rapid market purchases—lifting its stake in Garnar from just under 15.4 per cent to 24.5 per cent.

Pittards owns no shares in Garnar; Garnar directors have around 4 per cent.

Hillsdown is offering Garnar shareholders 255p in cash for each Garnar share, or — at the option of accepting shareholders — 20 new Hillsdown shares for 21 Garnar.

With Hillsdown unchanged at 260p yesterday, the paper alternatives values Garnar at 247p. Garnar shareholders will also be entitled to the second interim dividend of 6.65p, in respect of the year to end-January 1987.

The Pittard terms are paper only — 17 Pittard shares for every 20 Garnar which, with Pittard down 1p to 285p values Garnar at 243.1p. Yesterday, Garnar added 7p to 261p on thoughts that the ensuing battle may push either side higher.

Hillsdown argues that the fit with Garnar is very good; it already has four fellmongeries and two hide and skin markets, and also purchases hide for its furniture division. Yesterday, Mr Harry Solomon, Hillsdown's chairman, said he did not believe the bid would attract a monopolies reference, adding that the company has been in contact with the Office of Fair Trading.

Pittards, however, contends that there could be worries over the concentration in fellmongeries and in the potential buying power in the UK sheepskin market.

The previous Garnar predator —another leather group, Strong & Fisher, which sold Hillsdown its Garnar stake last weekend—saw its £20m offer referred but withdrew before the commission reported.

Garnar itself made no formal statement on the new offer last night. The company knows Hillsdown well, and had discussions with it during the Strong bid. "We will be seeking advice," commented Mr John Fooks, Garnar's deputy chairman and joint managing director. "There were very good commercial reasons for the Pittard merger."

COMPANY NEWS IN BRIEF

TRINKAUS und Burkhardt the German banking subsidiary of the Midland Bank group, increased operating income by 10.7 per cent to DM 73.7m in 1986. Mr Herbert Jacobi, executive chairman, said the increased profit came on a reduced balance sheet and after higher provisions, and underlined the success of the bank's emphasis on investment banking, particularly in the securities and foreign exchange area."

H. C. SLINGSBY (makers of trucks ladders and ancillary equipment). Final dividend 2.8p (same) making unchanged 4p for 1986. Turnover £6.42m (£5.75m) for pre-tax profits of £224,000 (£296,000). Earnings per share 14.2p (20.3p).

CENTREWAY TRUST (industrial holding company). No dividend (same) for 1986. Turnover £28.2m (£2.56m) and pre-tax profits of £629,000 (£80,000). Tax credit of £89,000 (£77,000 charge) and minorities of £440,000 (nil). Extraordinary credit amounted to £1.12m (debit of £36,000) leaving £1.4m (loss of £33,000) for earnings of 3.2p (4.2p losses). Centreway Industries (50.1 per cent owned by the Centreway Trust and now consolidated): Dividend of 0.5p (ii) for 1986. Turnover of £25.44m (£28.04m). Pre-tax profit £601,000 (£619,000). Add tax credit of £89,000 (£121,000 charge) and extraordinary items of £2.24m (nil) leaving net profit of £2.93m (£498,000) for net earnings of 4.6p (2.8p) per 10p ordinary.

UNITED SPRING AND STEEL GROUP, a holding company with interests in the manufacture of springs, and steel stockholding and processing, boosted pre-tax profits from a restated figure of £660,000—allowing for the inclusion of Turbo Tools on merger accounting principles —to £866,000 in the six months to March 31 1987. The declared interim payment is 0.6p (0.5p).

LEISURETIME International (hotel and holiday operator) Final dividend for 1986 0.45p (1.15p) making total of 1.75p (2.3p). Turnover £11.45m (£6.51m) for pre-tax profits of £106,307 (£476,747). Earnings per 10p share 1.11p (6.94p). Trading losses in Portugal blamed for shortfall on forecast of £267,000 at time of rights issue.

MACDONALD MARTIN Distilleries: Final dividend of 15p (14.5p) on "A" ordinary shares making 19p (17.5p) for 1986. Turnover was £19.6m (£17.33m) and pre-tax profit £2.22m (£1.73m). Tax charged was £366,000 (£302,000) leaving a net attributable profit of £1.85m (£1.43m) and earnings of 68.66p (52.86p) per "A" ordinary.

DAKS SIMPSON GROUP (tailors and clothiers): Interim dividend 2.25p (1.75p) for six months to January 31, 1987. Turnover £25.99m (£23.9m) and pre-tax profit £1.86m (£1.55m). Tax £689,000 (£620,000), earnings 18.47p (14.63p).

DOWNIEBRAE HOLDINGS (metal merchanting, manufacturer of steel profiles): No final dividend, leaving 0.5p (1.5p total) for 1986. Turnover £2.16m (£2.76m) and pre-tax profit £68,301 (£233,742). Extraordinary item £22,748 (£100,000). After tax of £13,460 (£44,771), earnings per share 1.04p (2.64p).

CAKEBREAD ROBEY shares fell 32p to 108p yesterday following news that discussions related to a possible offer for the company had broken down.

ICI faces questions on South Africa

By Simon Holberton

Mr Denys Henderson, the newly-elected chairman of Imperial Chemical Industries (ICI), faced a series of questions on the company's involvement in South Africa at yesterday's sixtieth annual general meeting.

Mr Henderson, who succeeded Sir John Harvey-Jones who retired at the end of March, handled his first shareholders' meeting, which lasted two hours, with aplomb, good grace and humour.

Councillor Martyn Day, the Chair of Lewisham's finance committee and representing local authorities with investments in ICI totalling £40m to £50m who form Joint Action Against Aparthied, and Reverend David Haslam, of End Loans to South Africa, both questioned the company on its investments in South Africa, its treatment of employees and called on it to divest those investments.

Mr Henderson said ICI, and its 38 per cent-owned associate AECI, both wanted an end to aparthied. "The best way of tackling the aparthied problem is by continuing to be involved and in that way continuing to attempt to influence change as best we can."

But he would not agree that the company should withdraw from South Africa, although it accounted for less than 1 per cent of profits and assets.

In his opening remarks to the meeting, Mr Henderson said the company had made good progress this year. The first quarter results—a record pre-tax profit of £334m—were taken as encouraging evidence that the company was on a promising course.

Looking to the immediate future, Mr Henderson said the steps the company took last year, such as, the acquisition of Glidden Paints, the setting up of the new Chemicals and Polymers division, the merger with Enterprise Oil and the formation of the European Vinyls Corporation, would have a growing impact on ICI's bottom line.

UK COMPANY NEWS

PROFITS OF £179M MEET HILLARDS' BID FORECAST

Tesco raises net margins to 5%

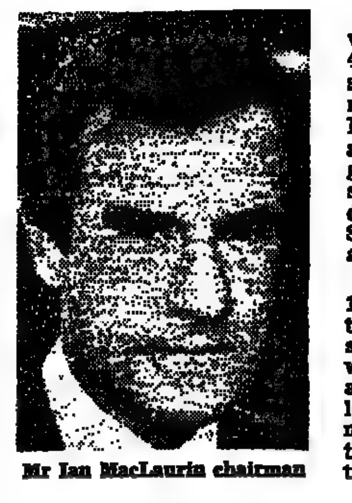
IN LINE with its forecast at the time of its bid for Hillards, Tesco reported pre-tax profits up by 36 per cent from £131.2m to £178.5m in the 53 weeks to February 28 1987.

The result was achieved on turnover, excluding VAT, of £3.59bn (£3.36bn). The net margin increased from 3.9 per cent to 5 per cent.

Earnings per share came out at 28.52p (21.09p) basic or 26.12p (19.29p) fully diluted. The directors are proposing a final dividend of 4.75p (3.7p) making an increased total of 7.3p, against 5.8p last time.

"This very satisfactory performance continues to reflect the shopping public's increasing awareness of the improved quality of our new stores, our range of products and our services," directors said.

Of the Hillards' bid, the directors said that if successful the £203.4m offer would increase substantially its market share in Yorkshire. They added that Tesco's trading and marketing policies would generate higher sales and profits in Hillards' stores.



Mr Ian MacLaurin chairman

The increase in sales volume was estimated at 9 per cent with 4 per cent generated by existing stores and the remainder from new selling area, net of closures. During the period 11 new stores and two extensions were opened giving an additional 432,000 sq ft, but 484,000 sq ft was lost due to the closure of 39 stores. Stores now totalled 337 with an average area of 20,800 sq ft.

In the present year a further 14 stores will be opened with three more extensions representing 511,000 sq ft. Directors were satisfied that the number and quality of sites in the development programme during the next three years would enable the successful expansion to continue.

Weekly sales per sq ft improved from £9.57 to £10.23 and profit per employee came out at £3,869 against £3,156.

Operating profit was £147.7m, against £104.1m, and the pre-tax figure was struck after interest receivable of £21.4m (£18.8m) and net surplus on sale of properties of £9.4m (£8.3m). Interest included £18.1m being the capitalised interest cost of funding the development programme, against £12.4m for the previous year. This year the property surplus has been taken above the line.

The tax charge was £56.9m (£47.4m) and dividends absorbed £31m (£23.9m) to leave a retained profit of £88m against £52.6m in 1985-86.

Mr Ian MacLaurin, chairman, said that the company was pleased with trading for the first few weeks of the present year with sales continuing in line with expectations.

"The opening of another 14 stores, a substantial programme for the introduction of new products and continued productivity gains should contribute further to profitable growth."

See Lex

Doctus bought by Smith Whitworth

By Graham Deller

Smith Whitworth, Rochdale-based textile machinery manufacturer, has conditionally agreed the purchase of Doctus Management Consultancy in a deal that values it at £5.33m.

The acquisition is to be satisfied by the issue of 3.95m new shares, doubling Smith's equity. Mr E. J. Byrne and Mr R. A. Fleming, shareholders of Doctus, are joining Smith's board as deputy chairman and group chief executive respectively. They will control 46.7 per cent of the enlarged group's capital.

Doctus, based in Chester, specialises in manufacturing and distribution consultancy. In the year to September 1986, it achieved pre-tax profits of £432,000 on a turnover of £4.59m. Net tangible assets at the year-end amounted to £695,000.

Mr Grahame Barker, chairman, said he envisaged growth in both Doctus' service activities and Smith Whitworth's core machinery business. Shareholders would benefit from the opportunity to participate in a more diversified group.

Reuters goes for Tokyo quote

BY RAYMOND SNODDY

Reuters, the international news and information agency yesterday cleared the way for applying for a share listing on the Tokyo Stock Exchange.

Shareholders of Reuters Holdings approved changes in the group's articles of association which had to be made before formal application could be made. The amendment exempts the Japan Securities Clearing Corporation from the existing 15 per cent shareholding limit. The Tokyo Exchange requires that shares in foreign companies owned by Japanese nationals are registered in the name of the JSCC or its nominee.

Informal soundings have already been taken in Japan and Reuters has begun drawing up documents for a formal application and hopes to get a listing by the final quarter of this year.

At the annual meeting yesterday Sir Christopher Hogg, Reuters chairman forecast strong revenue and profit growth in 1987 with figures for the first three months ahead of target and "new orders buoyant in all major markets."

Analysts have been predicting profit growth of about 30 per cent to follow the 39 per cent increase in pre-tax profits in the year to December 1986 — £130.1m on revenues of £620.9m.

Shareholders also approved yesterday an incentive share option scheme which allows the grant of options of up to eight times earnings to a small group of executives whose overall responsibilities have a direct impact on the company's present and future growth and profitability. Present directors cannot participate and the full exercise of options will depend on achieving average year-on-year real growth of 25 per cent over six years.

DIVIDENDS ANNOUNCED

ATA Selection	0.9	July 1	0.9	1.5	0.9
Benlox Holdings	0.6	—	0.6	1.15	1.1
Boscombe Prop ......int	1.75	—	1.75	—	—
Centreway Inds	5	—	nil	5	nil
Costain	10.5*	July 6	10.5	17.5	16.5
Daks Simpson ......int	2.25	July 3	1.75	—	7
Davies and Newman	10	July 30	7	13	10
Delyn Packaging	2.5	—	2	3.5	3
Downiebrae Holdings	nil	—	1	0.5	1.5
English Natl Defd	4.3	June 24	2.8	5.55	3.65
English Natl Pref	6.75	June 24	5.25	10.45	8.55
Foseco	6.25	July 3	6.05	9.2	9
FR Group	2.5†	July 3	2.06*	3.85	3.21*
Cecil Gee‡	1	—	2.8	1	2.8
Jessups ......int	1.75	July 1	1.5	—	4.5
Leisuretime	0.45	—	1.15	1.75	2.3
Noble and Lund	0.65	—	0.35	1	0.7
Shiloh	2.5	—	1.75	4	2.75
W. C. Slingsby	2.8	—	2.8	4	4
Southend Stadium	0.75	—	0.56	0.75	0.56
Tate & Lyle ......int	9	July 24	8	—	23
Tesco	4.75	July 1	3.7	7.3	5.8
United Spring ......int	0.6	July 1	0.5	—	2
J. O. Walker	3.5	July 3	3	5.5	4
Macdonald Martin	15	July 9	14.5	19.0	17.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

GEC takes 30.6% of Berkel in £6m deal

By Terry Dodsworth, Industrial Editor

The General Electric Company of the UK is taking a major step towards securing its position as one of the world's leading manufacturers of weighing equipment with the acquisition of a 30.6 per cent stake in Berkel of the Netherlands.

The £6m deal, which requires the approval of Berkel's shareholders, follows only days after GEC agreed to inject between £150m and £200m into a joint venture bringing together its Picker medical-equipment group with the corresponding division of Philips, another Netherlands-based company.

Under the agreement with Berkel, GEC may spend an additional £10m at a later date to acquire a further 19.5 per cent of Berkel and so gain majority control.

Mr Keith Hodgkinson, managing director of Avery, the GEC weighing-equipment subsidiary, said yesterday that the company would also be entering into a long-term supply agreement with Berkel. Over a period of about 18 months, this would lead to a substantial expansion of Avery's manufacturing capacity in Birmingham, which would gradually replace all the Berkel output.

"It will add about £30m of sales to our present turnover of £60m, and another 100 jobs," said Mr Hodgkinson. Avery currently employs 2,400 workers.

GEC has reached its agreement with Berkel at a time when the Dutch company has run into deep financial trouble. Last year, Berkel only broke even, and it is shortly expected to announce large losses for 1986 on its sales of about £160m. Avery is healthily profitable, although GEC does not release the precise figures.

Mr Hodgkinson said that Berkel had been suffering from high costs which had made its products uncompetitive. It was attractive to Avery, however, because of its strong position in the European market, where the UK company is weak.

Avery, acquired by GEC in 1979, has a strong position in the UK and Commonwealth markets, but has had only limited penetration in Continental Europe because of the historic diversion between British and Continental standards in the weighing industry.

Cecil Gee in red

Cecil Gee, retailer and designer of men's clothing, finished the 53 weeks to January 31 1987 £1.74m in the red, against profits of £510,000 for the previous 56 weeks. Including continuing and discontinued activities, total turnover was £16.61m (£23.31m).

After a tax credit of £546,000 (nil) losses per share were given as 13.6p (earnings 5.8p). The dividend is cut from 2.8p to 1p.

BOC GROUP is to buy the rest of New Zealand Industrial Gasses. It is offering NZ2.45 for the 39.17 per cent minority, a 48 per cent premium on the prevailing share price.

Tate & Lyle rises 11.4% to £40.2m in first half

BY CLAY HARRIS

Tate & Lyle, unsuccessful so far in efforts to get Government support for increased margins on its cane-sugar operations, yesterday flourished its stake in S & W Berisford, parent of rival British Sugar, as the weapon with which it would protect its interests.

The diversified sugar group also announced an 11.4 per cent rise in first-half pre-tax profits to £40.2m (£36.1m). It is increasing its interim dividend by 1p to 9p. Turnover advanced by 9.2 per cent to £848.5m (£777m).

Tate said it was willing to buy the 23.74 stake in Berisford held by Ferruzzi, the Italian agribusiness group, to combine with its own 14.9 per cent holding and sell on to an appropriate third party.

It had not discussed the proposition directly with Ferruzzi, which, like Tate, was blocked by the Monopolies and Mergers Commission in February from bidding for Berisford. Ferruzzi is required to reduce its holding to at least 15 per cent by February 1989.

Tate's primary concern, backed by the Monopolies report, was to achieve support for higher margins, Mr Neil Shaw, chairman and chief executive, said yesterday.

Talks with the Government were going slowly, he said, and Tate was "disappointed that we're not getting any strong indication at this time that the Government is willing to do anything on its own.

"They want to get Brussels' approval for anything they do for the cane-refining industry," Mr Shaw said.

"Until we get this, we're going to hold our shares unless somebody comes along and offers a very good price," he said. Although Tate had received a number of approaches, "I'm not going to say that we've had a lot of firm bids or at what price," Mr Shaw said.

Although Tate had been blocked from taking over British Sugar, it was determined to have a say in its ultimate ownership. "Make no mistake about the ability of whoever controls British Sugar to control Tate & Lyle," Mr Shaw said.

Whatever problems beet sugar causes Tate in Europe, the company was thankful for its US contribution in the 26 weeks to March 28. Beet sugar accounted for just over 40 per cent of Tate's US sugar turnover but 75 per cent of profits which fell to £5m (£5.2m).

In the UK, however, higher prices boosted sugar profits to £3m (£0.2m). The commercial situation in the UK market has stabilised, Tate said, and group prospects for the full year were healthy.

Profits in sweetener production altogether rose to £18.8m (£11.8m), in processing and trading to £8.9m (£7.1m) and in service businesses to £7.9m (£7.7m).

There was a reduced contribution of £5m (£5.8m) from automotive, industrial and construction products reflecting start-up delays and commissioning costs at US motor component plants.

After a tax charge of £14.8m (£14.7m) and minorities of £4.4m (£3.6m), profit moved ahead to £21m (£17.8m). Earnings per share advanced by 18 per cent to 30.3p (25.7p) and retained profit soared to £14.7m (£0.6m) reflecting the £11.6m extraordinary loss last year.

Plans for the introduction of sucralose, the artificial sweetener developed jointly with Johnson & Johnson of the US, were proceeding well. Tate expected approval from regulatory authorities by mid-1989 at the latest, and sucralose would account for at least half of its £5m research and development expenditure this year.

Tate shares added 13p to 758p.

Tricentrol first quarter loss

BY LUCY KELLAWAY

Tricentrol, the indebted independent oil company yesterday announced a first quarter 1987 loss of £800,000 after tax, a slight improvement on the £900,000 incurred in the first quarter of 1986.

Speaking at the company's annual general meeting, Mr James Longcroft, Tricentrol's chairman, expressed optimism over the company's ability to raise the £350m which it will need to develop its oil and gas reserves. He said that at current oil prices the developments earned an adequate return, and that preliminary discussions indicated that the funds will be available.

Mr Longcroft said that Tricentrol was in the strong position of having some 160m barrels of oil which can be brought on stream at future development cost of £2.3 a barrel, which together with past costs and interest charges, was in line with the company's reduced *depletion* rate of £4 a barrel.

He said that the size of the investment programme would lead to a surge in production and profits, and was therefore a positive and not a negative point for the company.

During the first quarter turnover dropped from £11.1m to £8.6m, while the reduction in depletion and production costs led to an almost unchanged gross profit of £2.4m (£2.5m). The interest charge was £3.5m (£3.6m) and the loss before tax was £1m (£1.3m).

The average oil price in the quarter was £10.26, compared to £14.47 in the first quarter last year. Production was slightly higher at 878,000 barrels (821,000 barrels) as a result of higher output from Buchan.

The company announced yesterday a new exploration licence in north east Syria, and the award of a block in the Netherlands 6th round. Tricentrol will operate both blocks.

● comment

Shareholders will have to rely on newspapers to learn of these results. Tricentrol, as part of its cost cutting programme, is saving on the postage costs of sending out its quarterly figures, and even the Stock Exchange only received an abbreviated version yesterday. However, the shortage of information does not really matter — no one cares much what Tricentrol makes on an annual, let alone on a quarterly, basis. The shareholder list is made up of a few who think that the company is a steal on the basis of asset value, and the rest who still think a takeover is the most likely route through which Tricentrol will be put out of its misery. The City agrees with Mr Longcroft's that his bunch of assets are enviable, but does not agree that funding for it is likely to be forthcoming. Last year's sales bought the company about a year, but if Tricentrol is still independent by then, more asset sales are to be expected. The shares yesterday closed 2p higher at [illegible].

Shiloh's record

Shiloh, the textile spinner, disposable products and protective clothing manufacturer, reported record results yesterday with pre-tax profits up 64 per cent to £1.35m in the year to March 31 1987.

Mr Edmund Gartside, chairman, said the performance was largely due to an excellent result from the textile spinning subsidiary backed up by the steady growth and expansion of Shiloh's interests in medical disposals.

Turnover last year showed a slight improvement from £14.29m to £14.67m.

The total dividend is increased from 2.75p to 4p with a final of 2.5p (1.75p).

ITT denies plans to sell its 24% stake in STC

ITT, the diversified US conglomerate, does not intend to sell its 24 per cent stake in STC, the UK electronics group, a senior ITT executive said yesterday.

There has been speculation that ITT would want to sell its stake in STC having completed the transfer of its telecommunications activities into a joint venture controlled by Alcatel of France.

However, Mr Daniel Weadock, an Itt representative on the STC board, said ITT had no intention of selling its stake.

Mr Weadock was speaking after STC's annual meeting, at which Lord Keith, STC chairman, said the outlook was encouraging.

"Profits should be materially ahead of last year's level and I expect to be able to reinforce this expectation when the interim results are announced," he said.

He added that results in the first quarter had exceeded budget in respect of turnover, profit and cash flow. The order book was a third up on a year ago in the first quarter.

J O Walker

J O Walker, timber importer, made a partial recovery in 1986 with pre-tax profits rising from a depressed £168,000 to £281,000. The dividend, however, is more than restored with a proposed final of 3.5p (3p) making 5.5p (4p).

Shares in GRA, the greyhound-racing company, closed another 7p up at 118p yesterday when the company announced that further approaches had been made which could lead to a bid.

UK COMPANY NEWS

Sock Shop plans its debut with £27.5m valuation

BY ALICE RAWSTHORN

FOUR years ago Ms Sophie Mirman and Mr Richard Ross failed to find anyone in the City prepared to invest £40,000 for a 49 per cent share of their business. Yesterday Sock Shop International announced plans to go public in an offer for sale which will value the business at £27.5m.

The company was founded in 1983 with a £45,000 loan from the Government's Loan Guarantee Scheme by Ms Mirman, now chairman and joint managing director, and her husband, Mr Ross, now joint managing director, who had previously worked at Tie Rack, the specialist retailing chain.

Sock Shop has since established a network of 43 shops, selling fashionable socks, tights, stockings and accessories throughout the UK. It has expanded rapidly through new shop openings, operating from small units on high streets and in stations and airports.

Initially Sock Shop's merchandise was purchased directly from manufacturers. The company has since assembled a design and buying team and more than 65 per cent of sales is now generated by own-label products.

In the past year or so, in preperation for the flotation and further expansion, it has strengthened its management team by recruiting new executives to handle accountancy, personnel and training.

The company has operated at a profit since its inception. In the year to September 30 1986, it produced pre-tax profits of £773,000 (£225,000) on turnover of £6.17m (£2.08m). In the first half of the present year, pre-tax profits rose to £1.26m and turnover to £7.36m.

In its offer for sale, through Capel-Cure Myers, Sock Shop will issue 3.92m shares, or 17.8 per cent of its equity, at 125p a share. The company expects to produce pre-tax profits of £1.65m in the present year putting the shares on a prospective p/e of 24.2. Dealings in the shares will begin on May 14.

Part of the proceeds of the flotation will be ploughed back into the company. This capital will be used to expand the business. Sock Shop's target is to have expanded its chain to at least 55 shops by the end of the year. In the longer-term the company plans to expand internationally by setting up parallel operations overseas.

Spong in agreed bid for Norank Systems

BY GRAHAM DELLER

Spong, the Essex-based clothing, housewares and creative services group controlled by Stephen Barclay and David Kleeman, has launched an agreed bid for Norank Systems, the USM-quoted retail display systems manufacturer.

The offer, six new Spong ordinary shares and one new convertible cumulative redeemable preference for each Norank, values the latter at about £9.98m. Norank directors and some of their family interests, representing about 55 per cent of the equity capital, have irrevocably accepted the offer.

There is a partial cash alternative under which Robert Fleming would purchase up to 33 per cent of Spong ordinary shares and all of the preference shares issued under the terms of the bid at 25p and 100p respectively.

In 1986 Norank, which came to the USM in December 1985, achieved taxable profits of £808,000 on sales of £2.34m. As a one product company it had stated its need to diversify and began talking to Spong late last month.

In the six months to October 1986, Spong made pre-tax profits of £414,000 on sales of £9.5m.

Bonded Laminates terms

BY ALICE RAWSTHORN

Bonded Laminates Profiles, which is involved in the manufacture of real wood laminates and wrapped mouldings, yesterday unveiled the terms of its flotation on the Unlisted Securities Market in a placing which will capitalise the business at £8.7m.

In the placing, sponsored by FPG, the group will release 2.2m shares, or 26 per cent of its equity, at 77p a share. This puts the shares on a multiple of 13.

The bulk of the proceeds of the placing will be absorbed by existing shareholders. The group will receive £770,000 which will be invested in expanding hte Profiles production plant in Pontefract and developing its business in the US.

The group is composed of two companies, Bonded Laminates and Profiles, which have hitherto traded independently, albeit in related fields.

In 1986, the last financial year, BLP produced pre-tax profits of £704,000 (£216,000) and turnover of £5.47m (£4.24m).

Jessups rises to £0.6m

Jessups, Romford-based motor vehicle dealer, reported a buoyant new vehicle market and excellent results from leasing as interim pre-tax profits rose from £454,000 to £644,000. Turnover was up at £33.72m, against £29.73m.

Earnings per share came out at 5.15p (4.28p) and the interim payment is being raised to 1.75p (1.5p). The comparative figures have been adjusted for the application of the accounting standard to leasing.

Mr Alan Jessup, chairman, said that used vehicle activities had been particularly good and there had been a substantial advice in the parts service and daily rental operations.

Delyn up to £406,000

BY PHILIP COGGAN

Delyn Packaging yesterday announced a 62 per cent jump in profits for the year ending February 1 and a four-way stock split designed to improve the share's marketability.

Mr Paul Norman recently took over as chairman of the group after he bought a 29 per cent stake from the Welsh Development Agency last November. He hopes to increase the group's City profile and to diversify its customer base—about 90 per cent of turnover is currently concentrated on the food industry.

Pre-tax profits of £406,000 (£251,000) on turnover of £7.17m (£6.67m) would have been better but for the poor performance of the paper packaging activities.

Capital expenditure of £382,000 was spent on new plant during the year in anticipation of future growth.

If the stock split is approved at the annual general meeting on June 10, each 20p ordinary share will be sub-divided into four 5p shares.

Last year, earnings per share were 18.82p (11.39p) and the final dividend was set at 2.5p (2p) making a total of 3.5p (3p).

Ropner

Yesterday's FT incorrectly reported that Ropner made a final dividend payment of 2.5p. Ropner in fact made a final payment of 4p making 6.5p for the year, unchanged from 1985.

UK COMPANY NEWS

US problems cut Foseco profits

BY PHILIP COGGAN

PROBLEMS in the US knocked profits at Foseco Minsep, the chemicals group, down from £35.1m to £26.4m in 1986. And extraordinary items of £13m resulting from closure costs meant that the group was forced to cover its dividend from reserves.

LTV, a major customer and the second largest steel producer in the US, sought protection from creditors under Chapter 11 and USX suffered a longrunning strike. As a result, profits in the metallurgical chemicals division fell back sharply from £25.17m to £17.76m and the company has since drastically cut its capacity in the US to reflect lower steel production.

The other problem area in the US was Gibson-Homans which Foseco acquired in 1984 as a vehicle for introducing its range of construction chemical products to North America. However, the original Gibson-Homans activities have been affected by the economic problems of the oil and farm states and the company has decided that they should be sold.

Despite the problems at Gibson-Homans, profits in the construction and mining chemicals division held steady at £7.60m (£7.59m) on reduced turnover, thanks to a strong performance in the UK and improved results in Australia.

Demand proved poor for abrasive and diamond products and the division's profits fell back to £6.94m from £8.89m on slightly higher turnover. English Abrasives' performance was particularly disappointing

Trading profit of £32.3m (£41.6m) was achieved on turnover of £553.7m (£558m). After interest charges of £5.87m (£6.52m), taxation of £12.93m (£13.74m) and minorities and preference dividends of £1.83m (£1.97m), earnings per share were down at 14.3p (23.8p).

The extraordinary item was made up of rationalisation costs of £4.18m, plus provisions for future costs of £5.24m and for deficiencies on expected disposals of £4.4m. As a result, the loss attributable to shareholders was £1.64m and after funding the dividends of £7.57m, the company was forced to transfer £9.21m from reserves.

The final dividend was set at 6.25p (6.05p) making a total of 9.2p (9p). Mr Tony Chubb, the chairman, said that trading so far this year had been mixed, but he was confident of the outcome for the full year.

● comment

The disastrous interims had at least one good joint; they got all the bad news out of the way, and the market was impressed enough by Foseco's realistic appraisal of its difficulties to mark the shares up 5p to 261p. The problems of the US steel industry were not of Foseco's making, although it should have spotted them earlier; but Gibson-Homans, bought on 17 times earnings only three years ago, showed that dreams of expansion via acquisition can easily turn to dust. The talk was much more sober yesterday; further disposals are on the cards and the management's focus will be concentrated on improving margins in the existing business. Rationalisation benefits should enable the profits to reach £33m this year — still below 1985's levels — but the market has been disappointed by Foseco rather too often and the shares, on a prospective p/e of 13, are buoyed up as much by lingering bid hopes as by the trading prospects.

FR profit rises by 26% to £17m

FR Group, equipment maker for the aircraft, energy and electronics industries, reported pre-tax profits up by 26 per cent for 1986. Mr Michael Cobham, chairman and chief executive, said the results were in line with expectations, at the interim stage, of further progress in the second half.

On turnover up by 12 per cent to £98.1m (£87.9m) the pre-tax figure was £3.5m higher at £16.8m, in the middle of City expectations. However £1.5m of the increase came from higher net interest received at £1.8m.

Earnings per share came out at 17.74p (14.43p) and the directors are proposing an increased final payment of 2.5p, against an adjusted 2.083p, making a total of 3.85p

The tax charge was £5.9m (£4.6m) and minority interests accounted for £100,000 (nil).

● comment

In late October FR Group surprised the market with a £40m rights—it had £14m net in the bank at the time. Both the planned US acquisition and the repaying of off-balance sheet debt (which now totals £16m), the reasons given for the rights, have not taken place. Instead FR has £48m to hand and the search continues—with the US still the favourite hunting grounds. Profits were as expected and would have been higher but for the £2m (30 per cent) leap in overhead costs. This rise is worse than it appears as in 1985 FR (unusually) offset the profit on the sale of an aircraft against several hundred thousand of admin costs. Otherwise the rise is largely due to build up in overseas marketing costs as FR looks more aggressively for new orders abroad. At home the partial privatisation of the Royal Navy's war games (FR gets to play the enemy with its 16 Falcons) plus the fisheries watch continue to cover the costs of a growing fleet. This year £24m should be possible—the cash alone could produce £5m—putting the shares at 336p on a prospective p/e of 16p. Now could be a good buying time as the rights have been digested but the premium is yet to be restored.

Housing advances help Costain up to £64.3m

IN SPITE OF a strong performance from its housing division and lower interest charges Costain Group, the construction and development company, advanced pre-tax profits only 6 per cent to a record £64.3h in 1986. Costain made £60.6m in 1985.

Turnover fell from £939.6m to £866m.

Shareholders will benefit from a proposed final payment of 10.5p, making a total for the year of 17.5p (16.5p).

Mr Terrel Wyatt, chairman, also announced a proposed one-for-one scrip issue and predicted that the current year would be another testing one for the group. However, he expected further growth.

In June 1986 Costain raised £62m through an one-for-five rights issue.

Profits and turnover by division showed: engineering and construction, £21.7m (£22.1m) on £501.6m (£568.2m); mining £26.2m (£26.6m) on £200.2m 231.1); housing, £9.8m (£.7m) on on 123.7m (£91.1); and property, £17.2m (£18.8m) on £40.5m (£49.2m). Interest charges fell from £13.8m to £10.6m.

Mr Wyatt said that the UK civil engineering, engineering and construction companies did well to maintain their contribution close to last year's figure. Costain Australia, in which the group has a 66 per cent stake, lifted its profits by 90 per cent.

Mining now accounted for 35 per cent of profits before interest and the group had invested more than £15m in expansion into industrial minerals and precious metals in the US and Australia during the year Costain expected to spend the same amount on mine development this year.

Housebuilding increased its contribution to group profits substantially and the number of units sold increased by more than 28 per cent to 2,140. The loss-making Australian housing activities were being disposed of.

Property development activities in the UK were being stepped up and there was a current development programme of £230m.

Tax took £17.7m (£14.8m); minority interests totalled £4.3m (£7.5m); and extraordinary items, £1.2m (£300,000). Attributable profits amounted to £41.1m (£38m) and dividends accounted for £14.6m (£11.8m).

Stated earnings per share rose from 53.6p to 55.1p.

● comment

Gild mining, Canary Wharf, the Mersey barrage, the residential property boom; Costain has all the elements to create excitement but its record remains obstinately dull. Last year, pre-interest profits edeged up only 1 per cent and only housing improved its contribution; even though the market had been forewarned about the Australian difficulties, it marked the shares down 35p to 501p. The diversification strategy was designed to help Costain escape from the low quality of contracting earnings but the difficulties of the international construction industry will once again restrict growth this year. Add in the weakness of the Australian and US dollars and the full dilution effect of the rights issue and earnings per share could well fall. But growth prospects look much more promising from 1988 and the shares have taken such a hammering that long term investors might be tempted to get in now while the propective p/e, assuming pre-tax profits of £68m this year, is under 10.

FKI in £3.2m purchase from Henderson

By Graham Deller

FKI Electricals, the expanding electrical, electronic and light engineering concern, has agreed the purchase of Normand Electrical from its parent Henderson Group for a conditional consideration of £3.2m.

The acquisition will involve the issue of 2.67m new FKI ordinary shares which will subsequently be placed with institutions at 121p per share on Henderson's behalf by stockbrokers Panmure Gordon.

The sale includes freehold properties at Aylesbury, Clapham in South London and King's Lynn, but does not include the Fractional HP Motors or the South African-based E. P. Normand businesses.

Normand makes electric and geared motors, gearboxes and mechanical and electronic speed variators. In the year to end-February 1987 it sustained a pre-tax loss of £1.63m on sales of about £7.5m.

FKI will incorporate Normand into its motors and control gear division and Mr Tony Gartland, chairman, is confident that a turnround can be achieved to produce a viable profit level.

Dan-Air shares soar 48%

SHARES IN Davies and Newman, best known for its Dan-Air operations, leapt 152p to 475p yesterday following the announcement of a substantial rise from £1.05m to £6.69m in pre-tax profits for 1986 against an increase of just 7 per cent, from £288m to £306m in turnover.

Mr Frederick Newman, the chairman, said the turnround was the result of a much better trading position in the airline brought about by the determination of all concerned to capitalise on the more favourable conditions in the holiday air charter market.

The upsurge in holiday business ensured that the summer season lasted for a full six months and, Mr Newman said, the increase in the UK inclusive tour holiday sales of some 15 per cent was the impetus needed to acquire Dan-Air's first wide-bodied aircraft

Elsewhere, Gatwick Handling had another successful year, and handled just under half of the passenger traffic passing through the airport. The dramatic collapse of oil prices in the early part of the year had an adverse effect on the Dan-Smedvig drilling activities but the position had now improved with the recommencement of activity in some of its drilling contracts.

The tanker chartering department had a busy year and produced a better result but the dry cargo department continued to suffer from the low state of the market. The markets in which the shipbroking company operate are presently dull but changes could occur later in the year.

Mr Newman concluded that all aircraft were fully committed for the 1987 summer season and that should prove a sound basis for maintaining Dan-Air's improved position.

Operating profits for 1986 were £6.47m (loss of £94,000) and net interest charged was up from £1.69m to £2.41m and share of profits from associated companies declined from £1.53m to £1.34m. There was little change in the surplus in disposal of aircraft at £1.29m (£1.31m); tax took £2.28m (£568,000) and minorities £5,000 (nil) leaving attributable profits of £4.41m (£482,000) before crediting an extraordinary item of £685,000 (nil).

The dividend is increased from 10p to 13p with a final of 10p; earnings per 25p ordinary have jumped from 6.9p to 62.8p.

● comment

Davies and Newman's results, always unpredictable, surpassed even the wildest expectations yesterday and the shares responded with a near-50 per cent leap to 468p. There was nothing funny about the figures: the pre-tax increases was directly attributable to the rise in operating profits stimulated by last year's package holiday boom. This gave Dan-Air high rates of aircraft utilisation not just in the peak summer period but also in the shoulder months of May and October, increasing the number of capacity tonne kilometres performed from 614m to 680m on virtually fixed costs. A year as fortuitous as 1986 is going to be hard to better, but more work on costs, a full season's use of the new Airbus, and an improved contribution from Dan-Smedvig should help produce at least £7m. That puts the shares on a prospective p/e multiple of 7—a befitting discount to BA's 9 for this normally unexciting family business.

Ensign Trust lifts net assets

Ensign Trust, in which Merchant Navy Officers Pensions Investments has a majority holding, reported a decline from £1.78m to £1.68m in its revenue before tax for the six months to March 31, 1987, while net asset value up at 85.79p (76.39p).

Earnings per share were 0.35p (0.39p) while after extraordinary debits of £1.19m last year they came out as losses of 0.06p

Metal Box pays £18m for UCP

BY SIMON HOLBERTON

Metal Box, the big packaging group, has agreed to pay £18.4m in cash for the United Closures and Plastics Division of United Glass in a move which will advance the company's strategy of developing its plastics and packaging business.

The purchase price is for the business and principal assets of UCP. In the year to November last year, UCP produced a turnover of £40.4m and a trading profit of £2.3m on net tangible assets of £14.6m. Metal Box said it believed it could generate substantially higher profits from UCP.

United Glass said it decided to sell UCP so it could concentrate all its energies on its glass business, where it is the market leader in bottles. Mr John Small, managing director, said United Glass's fairly ambitious plans for its glass business over the next three years would be funded by the bulk of the funds from the sale of UCP.

Metal Box plans to manage separately UCP's two operating units, which are near Stirling, Scotland, and in Norfolk. The company's trading name will be retained. Metal Box said UCP's strength in pharmaceuticals, toiletries and spirits markets would extend its existing customer base.

It would also augment the company's skills and facilities in plastics injection moulding, while complementing the company's existing plastics bottle range, particularly in short-run business, difficult shapes and in-moulding labelling.

Under the sale agreement, Metal Box will retain UCP access to the technical expertise of US packager Owens-Illinois.

Noble and Lund profits slip back

Noble and Lund, Gateshead-based manufacturer of specialist heavy machine tools, reported pre-tax profits down from £474,000 to £403,000 in 1986 largely as a result of a deterioration in the results of its specialist engineering division.

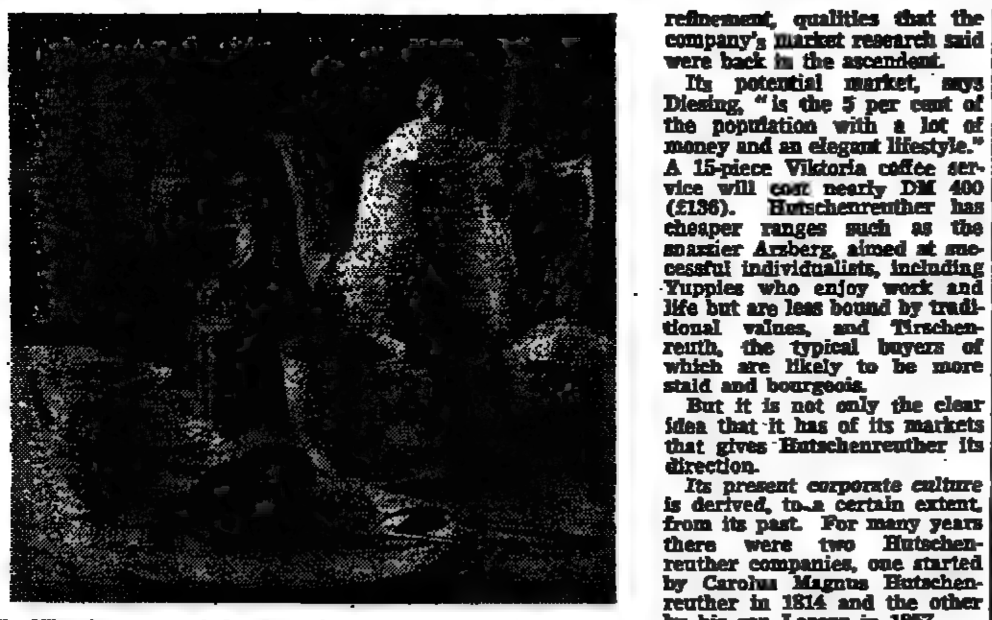
Turnover fell from £10.79m—restated to include the group's acquisition of Kwiklok in May 1986—to £10.64m. Noble shares closed down 6p at 72p.

The directors said that its Mecrode subsidiary, purchased from the receiver in February 1986, had been rationalised, and a significant improvement was expected from the specialist engineering division this year.

Tax took £11,000 (£59,000) and earnings per share fell from 6p to 5.1p. The proposed final payment is lifted to 0.65p (0.35p), making a total of 1p (0.7p) for the year.

MANAGEMENT : Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ



The Viktoria range: a design from the past for customers with "a lot of money and an elegant lifestyle"

Tradition in a modern age

Andrew Fisher on the marketing philosophy of Hutschenreuther, the W German tableware maker

COMPANIES WHICH have steeped themselves in modern management methods and marketing concepts do not usually step back in time when they want to unloose a new product on the market. Yet that is precisely what Hutschenreuther, West Germany's largest porcelain maker, has done.

It reckoned the time was ripe for a touch of unashamed, old-fashioned elegance to grace the tables of its well-heeled customers and to provide an antidote to the fast, high technology-oriented world of the 1980s.

So, for the first time when looking for a design, it delved into its past and picked one from the late 19th century. "It is an experiment," admits Karl-heinz Diesing, Hutschenreuther's marketing manager. "But it is not a foolhardy one. Through certain trends in the market and our good order inflow, we saw a need for this."

That statement is one of the keys to Hutschenreuther's approach. It is a company with a strong sense of tradition—the first Hutschenreuther porcelain works was founded 173 years ago. But it is bang up-to-date when it comes to working out its own objectives and pinpointing its market segments.

It is an approach which has made it market leader in Germany, although it is still less well known abroad than its rival Rosenthal. Both companies are based in the little north-eastern Bavarian town of Selb, where the gently rolling hills cross over into Czechoslovakia a few kilometres away.

Hutschenreuther's sometimes incongruous mixture of past and present can be seen in many of Germany's successful medium-sized, and larger, concerns. Anyone trying to uncover the reasons why Germany's economy seems so resilient and thrusting will soon come across three simple words. They are tradition, quality and innovation.

Obvious and perhaps banal though they may sound, Hutschenreuther sees them as forming the heart of the corporate culture which it has developed. They help to explain why it has introduced a design from the late 1800s to today's dining tables.

Hutschenreuther has clearly identified the sort of customers it has in mind for its premium range which includes several modern and classic designs; they are people "who embrace traditional values (hard work, security, morality and culture), but also like to enjoy life, are not totally money-oriented, and are sensitive to their surroundings."

The new range — from an existing design which nonetheless required painstaking work from old drawings and museum pieces to recreate the moulds—has been christened Viktoria. The company mostly chooses ladies' names and thought that Viktoria evoked the appropriate image of a bygone era.

The company insists that it did not have Britain's Queen Victoria predominantly in mind —the range will be sold mainly in Germany, Austria and Switzerland—even if one blue and gold edged version is called Viktoria Regina.

Hutschenreuther will advertise its Viktoria design only in such glossy monthly magazines as Essen und Trinken, Schoener wohnen (Better Living), Freundin, and Cosmopolitan (the German edition). It will be sold only through specialist retailers like its other top ranges which include modern designs like Tavola (clean Nordic lines), Fleuron (designed by Karl Lagerfeld), Maxim's de Paris (a Pierre Cardin design), and classics like Blue Onion and Maria Theresa.

The Viktoria range comes either in white or patterned. Hutschenreuther suggests that the design is reminiscent of the Belle Epoque, sometimes dubbed the "naughty nineties" in England, when the rich waltzed the night away, stayed in grand hotels, or sailed on ocean liners. But its marketing brochure also features dainty kiwi fruit slices and geometric marble shapes around the ornate Viktoria tableware to show how the old and new can come together.

Hutschenreuther's products demand a great deal of creative marketing effort in a market which is growing only slowly. Its advertisements for Viktoria will feature weddings, garden parties and Christmas celebrations, with the tableware shown as an essential element. In the past, says Diesing, "people used to regard the product as the hero — the advertisement only showed the tableware."

When you have people meeting together, says Juergen Stoehr, head of Dusseldorf's Stoehr / Kreutz advertising agency, which thought up the campaign, "it is always an event." Hence the emphasis on both people and product in the ads. Viktoria, he adds, is an anti-cyclical product, harking back to fin de siecle taste and refinement, qualities that the company's market research said were back in the ascendant.

Its potential market, says Diesing, "is the 5 per cent of the population with a lot of money and an elegant lifestyle." A 15-piece Viktoria coffee service will cost nearly DM 400 (£136). Hutschenreuther has cheaper ranges such as the snazzier Arzberg, aimed at successful individualists, including Yuppies who enjoy work and life but are less bound by traditional values, and Tirschenreuth, the typical buyers of which are likely to be more staid and bourgeois.

But it is not only the clear idea that it has of its markets that gives Hutschenreuther its direction.

Its present corporate culture is derived, to a certain extent, from its past. For many years there were two Hutschenreuther companies, one started by Carolus Magnus Hutschenreuther in 1814 and the other by his son Lorenz in 1857.

The father settled in the Selb area because it had the necessary raw materials for porcelaine, like kaolin, quartz and feldspar, as well as timber for energy. The two companies were competitors until 1969, when they merged into the present concern, enlarged three years later with the purchase of the Kahla porcelain firm.

Hutschenreuther, now a quoted company in which the original family no longer has any stake, has since invested heavily in new equipment to make its domestic and hotel and catering ware, and also moved into industrial ceramics. Last year, turnover was DM 420m (£143m), a rise of 5 per cent on the previous year. Roland Dorschner, the chairman is shooting for over DM 500m by 1990. Net profits in 1985 were DM 4.8m — the 1986 figure has yet to be revealed, though the company has already said it is up on the previous year.

During its expansion, the company is keen to keep its traditions in the forefront of its workers' minds—it employs 5,800 and is highly dependent on their skills. "Tradition is not just ballast for us, but means strength," he has said. He describes the company as a designer and seller of aesthetic contributions to living rather than as a consumer goods producer.

Hutschenreuther knows just where its products lie on an elaborate social diagram drawn up for it by Franz Bachmann, a Krefeld-based marketing consultant. The diagram points to the characteristics of different lifestyles rather than social classes. Bachmann says of his social model: "It helps to make changes in people's attitudes clearly apparent."

Digesting adverts

NO, IT NO longer runs "The most unforgettable human being I ever met" feature; but, yes, "Humour in Uniform" is still there. Reader's Digest, like acne, tends to be a temporary part of most people's lives, a blurred memory of the past.

But the magazine is alive and kicking, gradually putting on circulation to almost 1.6m copies a month in the UK, with a readership approaching 7m. It is now trying to convince advertising agencies that it is a good media buy—its share of advertising expenditure has been falling as agencies, and in particular their creative departments, recoil from the thought of good ideas being reduced to the Digest's pocket-sized pages.

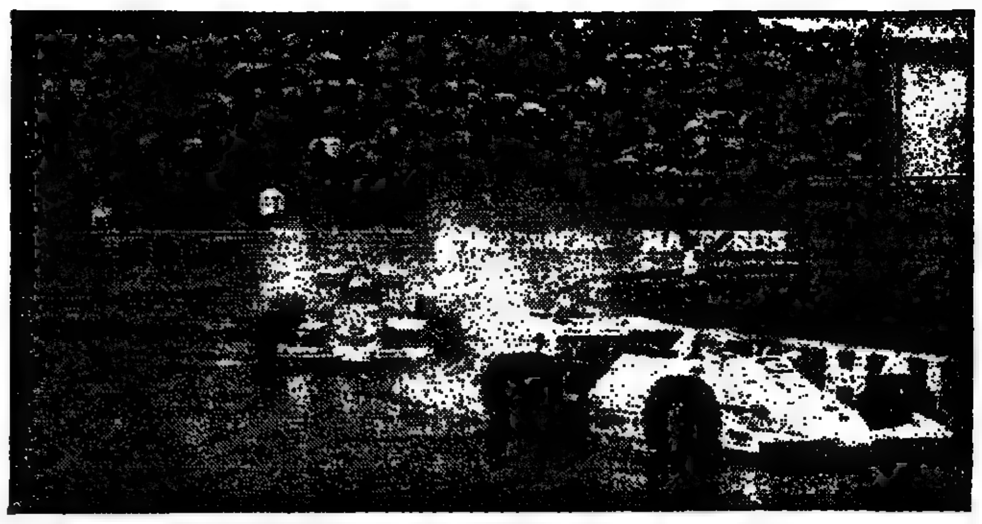
To pep up its image Reader's Digest has introduced the Pegasus Awards, an annual gala at which the most imaginative advertisement of the month in its pages was duly recognised and one became "Advertisement of the Year." The first ceremony was held in some splendour at Claridges.

It was impossible to miss the fact that the great majority of the winning ads were for charities which was Reader's Digest's other big idea. Each month it offers a free double page spread to a charity. Since the scheme began a year ago the Digest has been thrust into the consciousness of some of the most glamorous agencies in town. Saatchi and Saatchi took most of the top prizes at the Pegasus Awards with an advertisement for Guide Dogs for the Blind.

Reader's Digest profoundly hopes that by next year more of the prizewinners will be paid-for ads. There has been a 16 per cent rise in advertising revenue, which now tops £5m a year. To convince media departments, the Digest has tried to convert its sales team into a marketing team, and has trod the time-honoured path of commissioning research into markets, such as white goods and financial, which gives its reps some data with which to dazzle potential advertisers.

The Digest has always been hot on direct response advertising. From this month all such advertisers appear listed on a Business Reply Card which enables readers to avoid the sacrilege of cutting into their reading matter.

Antony Thorncroft



Halfords claims measurable benefits from its Birmingham Super Prix, despite the rain curtailing it

Halfords: how a wash-out turned into a winner

Feona McEwan reports on the aftermath of a sponsorship "first"

EVERY sponsorship is an act of faith. But when Halfords, the largest retailer of car parts and bicycles in the UK, sank £100,000 into backing the first international motor race on the streets of mainland Britain, it had not bargained for the weather.

The Halfords Birmingham Super Prix, as it was called, happened over last August bank holiday weekend, and was, meteorologically speaking, a wash-out. The main event—a Monaco-style street motor race for Formula 3000 which is one step down from Formula 1—was halted halfway, thanks to Hurricane Charley passing through. Lashing rain and howling gales made a carefully orchestrated event memorable in the most unintended way. Exit, you might think, one disgruntled sponsor.

In fact, Halfords' spirit was far from dampened. The two-day event spawned acres of press comment—9,250 column inches to be exact—over six months, considerable television coverage—13.3m viewers saw it in the UK. It was screened in 13 countries plus South and Central America. (This year Russia has asked to broadcast the event.)

More to the point, the tills in the local Halford stores did not stop ringing. Novelty value may have accounted for much of the media interest, but where it mattered most, in the stores, the company noticed an increase of one quarter more customers in stores in the Birmingham area over the four month Super Prix period, compared with the same period the year before.

So pleased was Halfords with its first major foray into sponsorship — it had dabbled in cycle racing before—that it has just pledged a further £375,000 to bag the event for the next two years.

What drew the company to the Super Prix in the beginning was the natural "fit" between sponsor and sponsored—the link between a car parts retailer and a car race, the company's desire to raise consumer awareness and an event which delivered the appropriate male audience. "Since Halfords is the UK leader in car parts retailing and is Birmingham-based, we saw the Super Prix as a great corporate promotion and marketing opportunity," says Ian Staples, managing director of Halfords.

Also, the inclusion of the race in the International Formula 3000 championship table, offering drivers valuable championship points, put it firmly on the racing map and ensured, as did the street race aspect, guaranteed media coverage.

Timing was good too for Halfords with its 333 high street sites, since it had recently embarked on a major expansion programme into out-of-town superstores and needed to flag the move. The cross promotion possible between store and Super Prix generated extra interest in both.

Though predominantly a commercial venture—"we wouldn't have sponsored anything unless it was connected with our products," says Staples—there is a touch of altruism about the deal. "We are supporting it because we're a Birmingham-based business and we wanted to see Birmingham on the road to recovery from the recession of the 1970s. The Super Prix has given us a chance to support local people, local business and the Birmingham City Council in the most positive way possible."

Halfords used the race days themselves to entertain press, suppliers and selected staff, who had won the invitation as part of a staff incentive scheme.

In the past, Halfords has sponsored cycle racing, but gently, more as a hobby. This has now turned to a serious commitment —the ANC Halfords racing team is currently winning—and the company is using it to generate new products. Last year the retailer (which reckons to sell one in every six and a half bikes in the UK) produced an adult version of the professional racing bike. This year it plans to launch a full range.

TECHNOLOGY: Computing

BY ALAN CANE

The case for IT as a matter of life and death

SOMEWHERE in England, a systems designer employed by a major food manufacturer is woken at midnight several times a week to patch up the company's computerised but outmoded order processing system.

She designed the system practically single handed several years ago. It is critical to the company's performance and she takes immense pride in keeping it going. Her knowledge of its idiosyncracies is second to none; in fact, nobody else has much knowledge of it at all.

Outside consultants called in to help the firm sharpen its competitive edge through better use of information technology recommended the old system be abandoned and replaced by a more efficient and reliable set of hardware and software.

The data processing manager and management information systems director are resisting the recommendation strongly. They are worried about the effect on the systems designer. It would "reduce her worth in her own eyes," they complain.

True stories like these make Mr Michael Broddle, managing director of DCE Information Management Consultancy shake his head in despair.

He is one of that steadily growing band of specialists in information technology who are convinced that companies which cannot or will not bring themselves to use information technology as a competitive weapon are doomed to extinction.

The most weighty and recent evidence of his concern is a report published today which is shot through with the conviction that information systems and information technology can have a direct, substantial and even dramatic role to play in improving competitive performance.

Edited by Ms Pat Griffiths, a principal consultant with DCE, the report combines invited papers from international industry experts with comment and analysis.

It makes the point that in fast-moving and competitive markets, it is not enough to be ahead. Constant review and development is necessary if a company wants to stay ahead.

Take, for example, the VBA, the United Flower Auctions of Aalsmeer, in the Netherlands. This is probably the world's largest auction, operating out of a building big enough to hold 50 football pitches.

At the auction, the price starts high and decreases until a bidder signals a sale by stopping a microprocessor controlled "clock" which indicates the price of the lot sold.

The bidders identify themselves by placing a card, magnetically programmed with their details, into a slot. They stop the clock by pressing a button next to the slot.

Some 13 clocks are in operation simultaneously at VBA; the system made it possible to cope with, on a peak day, 22m items sold in 50,000 transactions at a turnover value of £3.3m.

VBA is the largest flower auction in Holland, but by no means the only one and the market is very competitive.

The use of computers, however, to automate two critical factors, distribution of the goods and collection of payment, has ensured that VBA has remained preeminent—but only at the cost of continually looking ahead to seek better ways of staying in front.

The report details a number of similar case studies — Thomson Holidays and its TOPS viewdata system in the UK, for example — all of which clearly show that sensible use of information technology can have a dramatic effect on competitiveness, increasing it by as much as 10 times in some cases.

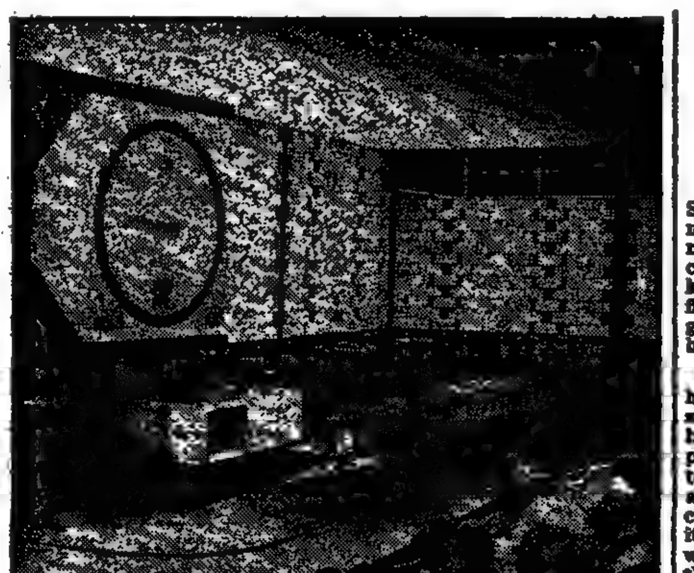
But if the advantages are so clear cut and obvious why is there still resistance? The report suggests four causes.

● Lack of education: the inability of both business and information technology specialists to understand one another's roles and the needs and pontential to be gained from working together.

● Fear of new technology Many non-technical people are frightened of something that they believe they cannot understand.

● Poor selling by those who should best promote the message: how many senior IT people are members of the Institute of Directors, the British Institute of Management or the Confederation of British Industry, rather than the British Computer Society or the Institute of Data Processing Management? the report demands.

● The UK Government's failure to support the message; "Grants for technical innovation are needed, but perhaps more tangible support for a limited effort to convince top managers to take IT to their business hearts would be more useful," says the report.



The VBA flower auction in the Netherlands: Prices start high and decrease until a bidder signals a sale by stopping a microprocessor-controlled "clock," which indicates the price of the lot sold.

British management comes off rather badly in the report. David Harvey, editor of Business Computing and Communications, and Colin Leeson, marketing and sales director of PA Computers and Telecommunications, in an invited paper argue that to a large extent the confusion surrounding the potential of IT is compounded by an absence of know-how at the top of companies: "Directors do not ask the technologists the right questions."

Even if willing, their task is not an easy one. Michael Earl, director of the Oxford Institute of Information Management, warns that: "Strategy formulation in general and information systems on the whole have one common property — simplistic and universal techniques rarely work.

He argues that management must start with three questions in mind: What are our business needs? What are the technical opportunities? And what is our capability and current position?

DCE propounds the use of a technique it calls Strategic Information Systems Planning (SISP). Run in six phases, it sets out to determine the business strategy, and analyse the business activities and information needs before formulating strategies.

Mr Broddle of DCE says he is impressed with the quality of the upper levels of management in many UK companies.

They may not yet be fully aware of the potential of the new information system, he says, but they are quick to grasp the implications.

"It takes only a slight change of orientation for them to give rise to a host of innovative ways of using technology.

"Competitive advantage through information technology is perfectly possible — indeed, vital for all companies," he says. But there can be major difficulties and it is important systematically to seek out all the possibilities.

* The role of information management in competitive success, Pergamon Infotech, 1987, £345.

Succeed in business - let machines do the trying

STUCK in a middle management rut with little hope of making it to the top? Scared of computers and people who know how to use them? Terrified a computer specialist will get the promotion that should be yours?

Well, relax for help is at hand. Professor Nelson Dinerstein of Utah State University has the answers. His new book* published today shows you how to use the computer to get ahead: "Instead of avoiding the computer because you think of it as a potential enemy," he writes, "You will learn to use the computer to make a name for yourself in your organisation. It will become a major tool on your pathway to success."

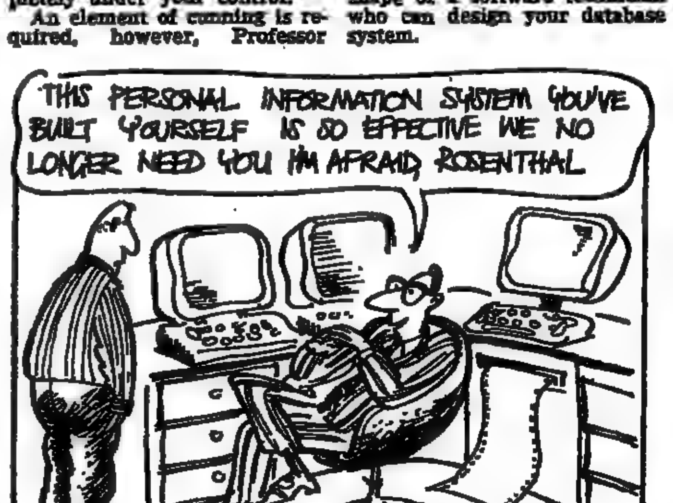
Professor Dinerstein's book reads like a latterday restatement of Samuel Smiles, the Victorian advocate of self-help. He identifies the major drawback to most corporate computer systems early on—the fact that because they are designed to provide information for a wide variety of departments the reports they produce are hard to read, contain little or no useful information and are too late to be useful.

What you must do, Professor Dinerstein argues, is make better use of the corporate system so that you can reduce the amount of time spent doing your job, therefore leaving you free to win friends and influence people in your search for promotion.

The answer is first to learn to use the information system to the best of your advantage: "and then you must start your own private information system. While the organisational information system is under the control of others in the company, your private information system will be completely under your control."

An element of cunning is required, however, Professor Dinerstein cautions: "When you build your own information system, carefully select the most important projects, that is, those that have the greatest potential for advancing you to a position of high level management."

Of course to build this personal self-advancement system you will require a personal computer. As you know little of the working of computers you will also need help in the shape of a software technician who can design your database system.



You will have to hire your technician or borrow him from another department. In most cases, Professor Dinerstein says, you will have to hire such an individual yourself.

You will also have to hire yourself a data entry clerk to ensure that your private store of information is entered correctly in the database system that the software technician *has built for you.*

Professor Dinerstein does acknowledge that getting access to all the information you may require from the corporate database may prove a little tricky—data processing managers are not noted for their eagerness to spread their invaluable electronic files around the organisation.

His volume serves, however, as a warning as well as an aid to self-advancement. If you see your colleague installing a personal computer, then a bearded individual with sandals who calls you "Dad" making it work, then a smart young lady sitting at the keyboard all day while your workmate drinks coffee with the departmental head, watch out! There's an ambitious middle manager about.

*Winning the Information Systems Game, Kogan Page, 1987 £8.95.

Europe in expansive mood on local issues

THE EUROPEAN market for local area networks (LANS), systems which enable personal computers to be connected together economically and effectively, should grow from 298,000 connections (nodes) at the end of 1986 to 1.4bn in 1990.

This figure, from a recent report by New York-based market researchers Frost & Sullivan, suggests that the market for LANs will be worth $466m by 1990.

Most observers agree that the trend in personal computing is towards the linking of machines together in networks to suit the needs of working groups or entire departments.

It has been slow going for the manufacturers up until now, however. Frost & Sullivan believes there are four reasons for a speeding up in LAN installations.

● The price of the basic technology, which has perhaps been the major inhibiting factor, will continue falling.

● The need for data sharing will intensify: IBM, with the emphasis on networking, in its latest personal computers, has legitimised this trend.

● Slowly but surely, a consensus on technical standards is emerging—at present there are a large number of incompatible systems on offer from a wide range of suppliers.

● LANs help to control office cabling costs—according to Frost & Sullivan cabling costs associated with LANs in 1986 came to $34m while actual sales of LANs were $242m.

The report suggests that the entry of companies like AT&T and IBM into the LAN marketplace will put heavy pressure on existing suppliers and that those without a large installed base or an established market niche may not survive.

Digital Equipment led the pack in Europe in 1986 with 21 per cent of the market, followed by 3COM and Ungermann Bass (12 per cent) and Novell (11 per cent). IBM had only 3 per cent at the time of the survey.

The report concludes that the small-scale networking market —that is, from two to 20 nodes —will grow by nearly 140 per cent between 1986 and 1988; larger networks, the kind that the bigger corporations are likely to instal, will show the greatest growth—up to 160 per cent between 1986 and 1988, and 90 per cent a year thereafter until the early 1990s.

There is a relatively higher installed base of LANs in the UK, Frost & Sullivan says. In 1986 the value of LANs shipped in the UK was about one-third of the total LANs shipped throughout Europe.

West Germany, however, has a disproportionately low installed base but as corporate business is moving away from central mainframe computers towards more distributed processing, the country could account for one quarter of Europe's shipments in 1990.

Local Area Networks in Europe; Frost & Sullivan 1987; $3,575.

COMMODITIES AND AGRICULTURE

Supply fears buoy lead market

BY STEFAN WAGSTYL, MINING CORRESPONDENT

LEAD IS tradin gat its highest levels in London for more than two years amid fears of strikes at Cominco, the Canadian metals group, where labour contracts expire today.

The metal closed at £398.5 a tonne on the London Metal Exchange, for cash delivery, £12 up on the day, following a sustained increase from under £300 a tonne since February.

Cominco is locked in negotiations with trade union leaders i nwhich it is demanding cost-saving concessions over working practices at its lead and zinc smelter and refinery at Trail, and its Sullivan mine, both in British Columbia.

The company said yesterday that the talks were likely to continue over the next few days. "You could say since we're still talking it looks hopeful."

The workforce has given the union a mandate to call strikes, if necessary, but no disruptive action has yet been taken.

The sharp price reaction highlights the lead market's new-found volatility. Until last summer it was one of the most sluggish metals on the LME and prices had drifted steadily down for five years, hitting a 10-year low last May.

The longer-term outlook for the metal seems no brighter than it was a year ago. Lead has lost markets in piping, paints and petrol additives. Rising vehicle manufacture has supported steady increases in demand for lead for batteries, but design improvements mean batteries are lasting longer. Western world consumption has stayed at around 4m tonnes in the 1980s.

On the supply side, low prices have forced lead mine closures in the US. But Australia, Canada and elsewhere lead is mined mainly in mixed ore-bodies in combination with zinc and silver. The International Lead and Zinc Study Group has commented that, as a result, much primary lead production is "involuntary" and unaffected by lead prices.

However, the importance of one marked change in the market has only become apparent in the past year—the run-down of lead stocks which has made consumers much more sensitive than in the past to threats of supply disruptions. The significance of low stocks first emerged when prices rose during an eight-week strike at the Broken Hill mine in Australia in mid-1986 and is now showing itself again.

Metal stocks have been run down steadily in the 1980s partly because the introduction of computers has made for better stock control, partly because stocks are expensive to hold at a time of high real interest rates and partly because stocks are expensive to hold at a time of high real interest rates and partly because low prices have generated a sense of security among consumers. The ratio of stocks to consumption reached a record low last November when reported inventories totalled 187,000 tonnes. They have since recovered by 50,000 tonnes.

It remains to be seen how much further stocks may rise. Consumers may prefer to hold more metal or they may instead use the futures markets more extensively to protect themselves against sudden upswings in prices.

It is also unclear whether the recent prices rises are the first sign of a sustained recovery in lead, and possibly other base metals from the recession of the 1980s.

Mr Phillip Crowson, chief economist at Rio Tinto-Zinc, told a City seminar last week that an unexpected jolt in expectations could easily force many prices onto a higher plateau. Current supply and demand were well matched, he said.

Last year's disruption in lead and zinc supply showed that the effective margins of excess capacity were "much more slender" than the nominal capacity figures implied, Mr Crowson said.

There is little doubt that some mines which have closed may never reopen and some which have stayed open are running out of ore.

However, Mr Stephen Briggs, of Shearson Lehman Brothers suggests that Boss, a Missouri smelter, closed last year by Doe Run (a joint venture between St Joe and Homestake, both US mining groups), might reopen if a price increase was sustained.

Beyond this several large new projects are in the pipeline—including Red Dog, a zinc-lead mine Cominco is developing in Alaska.

Mr Briggs forecasts that after a shortfall of supply against consumption in strike-hit 1986 of 168,000 tonnes, there should be a smaller shortfall of 75,000 this year, followed by a small surplus next year.

But such forecasts do not allow for those "unexpected jolts" which Mr Crowson believes might drive the markets higher.

Zambia's copper belt on last notch

BY VICTOR MALLET IN LUSAKA

ZAMBIA'S AGEING copper mining industry is having a last fling before its predicted demise in the early years of the 21st century, but the final push to raise production is proving to be more difficult than anticipated.

The first year of a five-year recovery programme for state-controlled Zambia Consolidated Copper Mines (ZCCM) has failed to live up to expectations, although it has at least managed to reverse a steady decline in output.

Unpublished figures for the financial year ended March 31 show that Zambian Copper Production—the fifth highest among the world's non-communist producers—rose to about 471,000 tonnes from 463,000 the previous year, but the tonnage falls well short of the 518,000 tonnes target.

The chief culprit was the new $250m third stage of the tailings leach plant at Nchanga, which hit a number of technical snags and is taking longer than expected to commission fully. Over a period of 15 years the plant should produce, at a relatively low cost, about 550,000 tonnes of copper from stockpiled and current tailings.

Other, more familiar, problems contributed to ZCCM's disappointing performance, including shortages of foreign exchange and skilled manpower. Bankers estimate that the Zambian central bank last year paid out only $240m of the $320m promised to ZCCM, leading inevitably to shortages of equipment and spare parts. ZCCM, a state-controlled company, employs some 60,000 staff, including more than 1,000 expatriates, and is constantly training workers who can be poached by private companies and sometimes hired back to ZCCM as contract labourers.

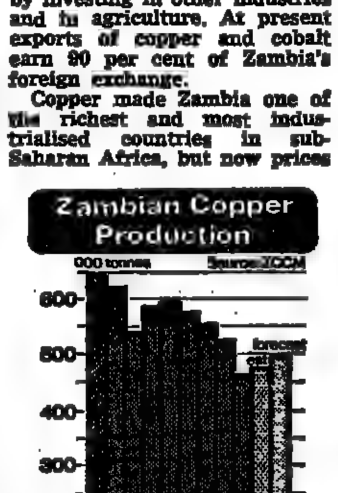
ZCCM officials are cautiously optimistic about the future.

"It's coming right to the extent that we have arrested the decline," says the director of operations, Mr Peter Hansen, at the operational centre in Kalulushi on the copperbelt in Northern Zambia. "We were in a downward spiral. This year I think we'll get near 500,000 tonnes, maybe better. The Foreign exchange situation in the past year has been rather erratic and there hasn't been enough."

At present exports of copper and cobalt earn 90 per cent of Zambia's foreign exchange.

The continued viability of the mines for the next 15 to 20 years is seen as essential if the country is to wean itself peacefully away from its long-standing dependence on copper by investing in other industries and in agriculture. At present exports of copper and cobalt earn 90 per cent of Zambia's foreign exchange.

Copper made Zambia one of the richest and most industrialised countries in sub-Saharan Africa, but now prices



are depressed and exploitable reserves are becoming exhausted.

Mr Kenneth Kaunda, Zambian president, is wary of antagonising the miners and recently announced that he had rejected proposals to privatise the industry for $2bn because such a move would lead to further redundancies. The Government holds 60 per cent of ZCCM through its holding company Zimco, Anglo American controls 27 per cent.

As well as being politically important, the copper mines are the state's main source of revenue and are milked for almost every penny they can produce, although this year's budget did make a minor concession by reducing the mineral export tax to 11 per cent from 13 per cent. The devaluation of the local currency, the kwacha, through the foreign exchange auctions backed by the International Monetary Fund, has also helped ZCCM and other exporters. In the nine months ended December 31, however, ZCCM continued to suffer from exchange losses, high interest payments and heavy taxation, reporting a net loss of kwacha 718m (£22m at the current rate), compared with a loss of kwacha 77m in the corresponding period of 1985.

Producing the copper is one problem — delivering it is another. Zambia has announced that it is no longer exporting any copper via South Africa, and the metal is either sent by rail to the port of Dar es Salaam in Tanzania or occasionally trucked down to Harare in Zimbabwe and put on a train to the port of Beira in Mozambique.

LCE and IPE admit 'locals'

By David Blackwell

THE LONDON Commodity Exchange and the International Petroleum Exchange have jointly admitted to membership their first locals—individuals who earn their living by trading futures and options contracts for their own accounts.

The initial 20 locals will start to trade shortly after both exchanges move to their new premises at Commodity Quay at the end of next month.

The exchanges said that many of their locals are already experienced at trading on the London International Financial Futures Exchange, which has allowed locals to trade since its inception in 1982.

... A total of 50 local memberships are available on the LCE and IPE at an initial price of £10,000. The second tranche of applications is now being considered.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,390-2,470 (2,300-2,330).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.50-3.00 (2.20-2.40).

CADMIUM: European free market, min. 99.95 per cent, $ per lb, in warehouse, ingots 1.20-1.40 (1.00-1.04), sticks, 1.20-1.40 (1.00-1.04).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.30-6.45 (6.20-6.35).

MERCURY: European free market, min. 99.99 per cent, $ per flask, in warehouse, 250-265 (225-250).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.05-3.10 (same).

SELENIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 4.90-5.35 (4.65-5.20).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit WO_3, cif, 50-55 (same).

VANADIUM: European free market, min. 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif, 2.55-2.60 (2.52-2.56).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 16.75 (same).

Ministers stand firm against EEC farm price proposals

BY TIM DICKSON IN LUXEMBOURG

THE FIRST, very tentative, signs of compromise in this year's EEC farm price negotiations emerged in Luxembourg yesterday as Community Agriculture Ministers decided to abandon their latest talks until the middle of next month.

Mr Paul de Keersmaeker, the Belgian President of the EEC Farm Council, said discussions over the past two and a half days had at least "identified the problems" and that he will be presenting new proposals on the main issues at the next meeting on May 18. He declined to be more specific.

Officials indicated that with the timetable for decisions now badly behind schedule next month's meeting could turn into another marathon, lasting a full week if necessary. Most ministers are keen to avoid a situation where the deadlock has to be broken by European heads of state at their half yearly summit in Brussels at the end of June.

The obstacles in Mr de Keersmaeker's way are formidable by any standards. The majority of member states remains opposed to all the main elements of the European Commission's tough package. Mr Ignaz Kiechle, the West German Farm Minister, has been by far the most vocal critic this week and has clearly threatened to use his veto against the Commission's controversial plans to reform the complex system of "green" currencies and monetary compensatory amounts (MCAs), the effect of which would further reduce prices for West German farmers.

After yesteray's meeting he indicated that there was also a "clear connection" between the current farm negotiations and the willingness of the Bonn Government to take a "flexible" view of the Commission's requests for an increase in EEC financial resources.

Most other member states feel that the Germans are exaggerating their case but the force of Mr Kiechle's criticisms seems to have left its mark. It is widely accepted that the MCA proposal will have to be modified or softened in some way, though the questions remains "how?"

Mr de Keersmaeker admitted yesterday: "There is no technical solution. It is going to be a strictly political discussion," while Mr Frans Andriessen, the EEC Agricultural Commissioner, observed that "there is a growing understanding of the political problem for one member state."

Many member states are understood to favour a return to the system which prevailed before the current "switch-over" method was introduced in 1984—this is widely blamed for affording weaker currency countries the opportunity to negotiate disguised farm price increases through green currency devaluations. The problem is that a return to the *status quo ante* would not give German farmers any protection from further appreciations of the D-Mark and would be particularly unacceptable at a time of freezes or cuts in Ecu denominated central prices.

The chances of winning political acceptance for the Commission's other ideas—a tax or stabilisation mechanism for oils and fats, large effective cuts in cereal prices thanks to the proposed tightening up of intervention purchases and other related measures, and more restrictive regimes for fruit and vegetables—seem equally uncertain at this stage.

The suggestion yesterday was that Mr de Keersmaeker might withdraw marine oil from the scope of the oils and fats tax, thereby making the idea more acceptable to Portugal and Denmark. Britain and the Netherlands remain most resolutely against the plan, which they say would hit consumers and risk provoking a new trade war with the US. But privately opponents are fearful that while the West German Government is conscious of the potential damage of a trade dispute to its industrial exports, Mr Kiechle could be persuaded if given what he wants in the agrimonetary sphere.

Only Britain and the Netherlands support the Commission's restrictive approach to the cereals sector. All other member states claim to share the Commission's objectives of reducing production but prefer to meet these either through a more direct impact on prices or a different type of tinkering with the intervention systems.

Lower Brazilian wheat crop expected

BY PATRICK KNIGHT IN BRASILIA

A FIFTH less wheat is likely to be planted in Brazil this year and the crop is expected to be between 3m and 4m tonnes, compared with the 1986 record of 5.1m tonnes.

Bread and other wheat products are heavily subsidised in Brasil, encouraging wheat consumption to rise gradually to about 7.5 tonnes a year.

Last year subsidies cost $1.5bn. Farmers were advanced 100 per cent of their planting costs and paid $240 per tonne.

This year's guarantee price is down to $200 a tonne and only 60 to 80 per cent of planting costs are to be paid by the government—so many farmers will not plant.

Wheat has been gradually gaining ground at the expense of maize and cassava the previous staple. However, strong lobbying from Rio Grande do Sul state, where many farmers have no alternative but to risk growing wheat, and from the powerful millers lobby, have so far prevented removal of the subsidy.

Brasil has imported wheat from the US and Canada but will import from Argentina in future, despite higher financing costs, as part of the integration plans for the two economies.

Low prices and poor quality mean that much of Brazil's own wheat ends up as animal feed, while the low flour price encourages smuggling to neighbouring countries.

LONDON MARKETS

THE LONDON Metal Exchange copper market maintained its upward momentum yesterday as technical supply tightness continued to encourage "borrowing," buying cash metal and selling forward. The cash Grade A quotation gained £11.50 to £906.50 a tonne, which meant it had recovered £36 of last week's £54.50 setback. Anxiety about the availability of copper for nearby delivery was reflected in a further widening of the cash premium over the three months position, from £39.75 a tonne to £49.50. On the zinc market the announcement by A.M. and S. Europe of a $30 rise in its European selling price of $820 a tonne indirectly helped to trigger a bout of profit-taking which pushed the cash position down £4.75 to £479.75 a tonne. Dealers explained that, although the news itself was bullish, the market was disappointed that the move was not immediately followed by other producers. On the coffee futures market renewed technical strength was reported as a bout of short-covering lifted nearby values. The July position closed at £1,385.50 a tonne, recovering £8 of Tuesday's £28.50 fall. On the cocoa market dealers attributed a £17 fall to £1,295.50 a tonne in the July futures position to correction of an overbought situation coupled with sterling strength.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	858-62	+22.5	862/860
3 months	799-800	+11	805/790

Official closing (am): Cash 861-2 (844-5), three months 801-2 (781-2), settlement 862 (845). Final Kerb close: 799-800. Turnover: 28,950 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or −	High/Low
Cash	906-7	+11.5	907/903
3 months	857-8	+2.25	861/855

Official closing (am): Cash 902-4 (896-7), three month 859-60 (856-7), settlement 904 (897). Final Kerb close: 854.5-855.

Standard			
Cash	863-65	+8.5	—
3 months	846-8	+3	—

Official closing (am): Cash 855-65 (850-1), three months 845-50 (843-7), settlement 865 (851). US Producer prices 65.25 (69.5 cents per pound. Total Turnover: 41,450 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	398-9	+12	400/397
3 months	346.5-7	+6.25	349/343

Official closing (am): Cash 398.5-9.5 (388-9), three months 345.5-6 (341-2), settlement 399.5 (389). Final Kerb close: 346-347. Turnover: 10,875 tonnes. US Spot 24-29 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2460-70	+27.5	—
3 months	2475-8	+25	2485/2470

Official closing (am): Cash 2,460-70 (2,425-35), three months 2,479-80 (2,446-50), settlement 2,470 (2,435). Final Kerb close: 2,465-2,470. Turnover: 1,140 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	479.5-80	−4.75	484/479
3 months	474.5-5	−5	484/473

Official closing (am): Cash 482-3 (483-4), three months 477-8 (478.5), settlement 483 (484). Final Kerb close: 485-495. Turnover: 12,425 tonnes. US Prime Western: 38.5-44 cents a pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 18.87 (18.84) ringgit per kg. Up 0.3.

GOLD

Gold rose $2¾ to $451½-452 on the London bullion market yesterday. It opened at $450½-451 and was fixed at $451¾ in the morning. The metal touched a peak of $452¾-453¼, but fell back on nervous selling to be fixed at $449 in the afternoon. Gold fell to a low of $449½-449¾.

GOLD BULLION (fine ounce)		April 29
Close	$451½-452	(£271½-273)
Opening	$450-451	(£271½-272)
M'n'g fix	$451.75	(£273.324)
Aft'n'n fix	$449.00	(£271.430)

GOLD AND PLATINUM COINS		
Am Eagle	$465-470	(£280¼-283¼)
Mapleleaf	$462-465	(£278¼-280¼)
Kr'g'r'nd	$455½-456½	(£274¼-276¼)
½ Krug	$237-238	(£142¾-143¼)
¼ Krug	$220½-221½	(£132¾-133½)
Angel	$459-462	(£276¾-278¼)
1/10 Angel	$45¼-50¼	(£27¼-30¼)
New Sov.	$106½-107½	(£64¼-64¾)
Old Sov.	$106½-107½	(£64¼-64¾)
$ 20 Eagle	$510-560	(£307½-337¼)
Noble Plat	$611½-617¾	(£368¼-372¼)

SILVER

Silver was fixed 10p an ounce lower for spot delivery in the London bullion market yesterday at 499.05p. US cent equivalents of the fixing levels were: Spot 825.2c, down 19.3c; three-month 839.85c, down 19.3c; six-month 853.4c, down 20.3c; and 12-month 881.7c, down 21c. The metal opened at 479½-482½p (796-805c) and closed at 476½-482½p (790-800c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	499.05p	−10.0	480p	+5
3 months	510.95p	−10.1	490p	+5
6 months	521.05p	−10.7	—	—
12 months	540.50p	−10.8	—	—

LME—Turnover: 1 (1) lots of 10,000 ounces.

Three months high/low 505p, final kerb 485-95p.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.13p per kg lw (−1.02). GB—Sheep 232.73p per kg est dcw (−41.23). GB Pigs 72.21p per kg lw (−4.70). GB—AAPP 99.70p per kg dw (+0.30).

INDICES

REUTERS

Apr. 29	Apr. 28	M'th ago	Year ago
1575.7	1570.5	1540.8	1781.8

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Apr. 28	Apr. 27	M'th ago	Year ago
Spot	125.46	127.07	—	128.45
Fut	125.52	125.75	—	126.30

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Apr. 29 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1425/445	+35	$1425/445
Copper			
Cash Grade A	£906.5	+11.5	£927
3 mths	£867.5	+2.25	£890.25
Gold Troy oz	$451.75	+8.25	$419.25
Lead Cash	£398.5	+12	£305.5
3 mths	£346.75	+6.75	£298.5
Nickel			
Free Mkt	184/224c	+2	165.5/85c
Palladium oz	$142.75	+1.75	$126.65
Platinum oz	$591.00	−0.5	$553.50
Quicksilver†	$230/275	......	$195/205
Silver troy oz	499.05p	−10.8	390.20p
3 mths	510.95p	−10.1	399.80p
Tin			
free Mkt	£4175/200	......	£4280/330
Tungsten	$50.94	......	$47.08
Wolfram 22.04lb	$50/55	......	$48/52
Zinc	£479.75	−4.5	£471.5
3 mths	£474.75	−5	£466.5
producers	$790	......	$790
OILS			
Coconut (Phil)	$390x	−5	$420
Palm Malayan	$345v	−0.5	$330
Seeds			
Copra (Phil)	$260	......	$270
Soyabean (U.S.)	$143y	+1	$139
GRAINS			
Barley Fut. Sept	£99.70	+0.25	£99.80
Maize	£145.00	......	£142.75
Wheat Fut. July	£124.25	−0.45	£125.40
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1295.5	−17	£1353.5
Coffee Ft. July	£1385.5	+18	£1244
Cotton A Ind.*	69.50c	+0.90	62.85c
Gas Oil June	$146.5	−0.25	$146.5
Rubber (kilo)	62p	......	60.5p
Sugar (raw)	$176.5u	−0.5	$170.5
Wooltops 64s	470p kilo	......	458p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. x April-May. y May. w June-Aug. v July. u May-June.

COFFEE

The market tested recent highs as trade interest emerged, reports Drexel Burnham Lambert. In moderate volume scale-down trade buying exhausted commission house selling. By mid-afternoon, encouraged by a steady New York performance, the market came to within £5 of the recent highs. Due to a lack of volume prices failed to break through and mixed selling on the close eased levels £20.

COFFEE	Yesterday close	+ or −	Business Done
May	1361-1370	+10.5	1380-1353
July	1385-1386	+16.0	1405-1377
Sept	1400-1405	+10.5	1418-1400
Nov	1425-1427	+12.5	1440-1420
Jan	1450-1455	+20.5	1460-1452
Mar	1460-1475	+22.0	1475
May	1490-1510	+30.0	—

Sales: 5,371 (3,523) lots of 5 tonnes. ...ICO indicator prices (US cents per pound) for April 28: Comp. daily 1979 109.54 (109.85); 15-day average 108.24 (104.49).

COCOA

Aggressive trade selling during the morning and early afternoon weakened values by more than £20 before late buying and profit-taking aided a £5 recovery at the close. This activity was not carried into the physicals and only light second-hand trading was noted, reports Gill and Duffus.

Sales: 5,282 (4,288) lots of 10 tonnes.

	Yesterday's close £ per tonne	+ or −	Business done
May	1258-1259	−11.0	1272-1256
July	1295-1296	−17.0	1388-1288
Sept	1314-1316	−19.0	1329-1316
Dec	1339-1341	−17.5	1351-1335
March	1365-1366	−15.0	1377-1367
May	1388-1386	−18.5	1397-1387
July	1404-1406	−19.0	1414-1409

ICCO indicator prices (SDRs per tonne). Daily price for April 29: 1603.23 (1616.67); 10-day average for April 30: 1625.58 (1623.88).

FREIGHT FUTURES

Further losses were registered with levels trading up to 12.5 points down in spite of a 3 point rise in the BFI. General book-squaring and a lack of fresh physical news were cited as the cause of the slide, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	1018	1015	1014/1018
July	877	877/868	882.5
Oct.	938	934/928	935/940
Jan.	950	950	939/940
Apr.	947.5	—	965
July	770	—	800
Oct.	830	—	—
Jan.	900	—	—
BFI	1019	—	1016

†Turnover: 201 (188).

GRAINS

Old crop wheat reflected a brisk and steady store strade reaching 25p up in early trading, before easing on shipper and consumer sellinig to close on the lows. Old crop barley again found sellers, albeit on a poor trade, and also closed with shipper long liquidation a noted feature. New crops, in contrast, found a good volume of buying absorbing heavy commission house selling at 20p up and then firmed to close on the highs, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
May	121.60	−0.45	110.00	−0.25
July	124.25	−0.45	—	—
Sep.	101.60	+0.40	99.70	+0.25
Nov.	105.90	+0.45	103.10	+0.35
Jan.	106.70	+0.50	104.70	+0.40
Mar.	109.15	+0.50	106.80	+0.25
May	111.90	+0.35	108.40	—

Business done—Wheat: May 122.30-1.85, July 124.85-4.25, Sept 101.80-1.60, Nov 105.90, Jan 106.70-6.55, March 109.15-9.05, May 111.90. Sales: 329 lots of 100 tonnes. Barley: May 110.00, Sept 99.80, Nov 102.05-1.90, Jan, March and May untraded. Sales: 86 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: April/May 93.75, June 91.75, July 92.25 sellers. US No 2 Soft Red Winter: June 90.25, July 87.00. French 11½-12 per cent: April 143.50. English feed, fob: May 123.25 buyer, June 124.50, Sept 103.00 sellers, Oct/Dec 106.50-107.00 buyer/seller, Jan/March 110.00 buyer. Maize: US No 3 Yellow/French transhipment East Coast: March 145.00. Barley: English feed, fob: May 113.75 paid East Coast. April 113.00/114.50 buyer/sellers, May 115.00, Aug 101.00, Sept 103.00, Oct/Dec 105.50 sellers.

HGCA — Locational ex-farm spot prices. Feed barley: E. Midlands 117.70, N. East 11.210. The UK monetary coefficient for the week beginning Monday May 4 is expected to be unchanged.

RUBBER

PHYSICALS — The London market opened slightly steadier, attracted little interest at the higher levels and closed inactive, reports Lewis and Peat. Closing prices (buyers): Spot 62.00p (same); June 62.00p (same); July 61.50p (same). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg: RSS No 1 234.0 (233.0): SMR 20 202.0 (201.0).

US MARKETS

PRECIOUS METALS tended to consolidate in quieter trade following the volatile movements of the past few days, reports Drexel Burnham Lambert. Silver recovered from Tuesday's decline on mixed buying, whereas both the gold and platinum futures fell on profit-taking, but finished with pared losses as fresh buying emerged towards the close. Copper futures traded indifferently, but activity was noted on the May/July Swich as traders closed positions on the expiring May. Crude oil futures declined on profit-taking and local selling reflecting bearish API statistics, which resulted in weaker products markets. Coffee rallied on price-fix and commission house buying in the face of trade selling. Cocoa futures fell on speculative long-liquidation and commission house stops and the trade was a scale-down buyer. Sugar futures rallied in light volume on trade buying and commission house stops to close at or near the high on reports that Cuba may take delivery against the expiring May contract. Cotton trade higher against the rose in the Liverpool index but trade and fund selling pared gains. Commission house selling in July orange juice futures kept the market under pressure. The grains were quiet, trading in a narrow range, with slight steadiness reflecting concerns over weather.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
May	65.65	64.90	65.60	65.25
June	64.45	63.45	—	—
July	63.90	62.70	64.00	63.00
Sept	61.40	59.90	60.50	60.50
Dec	61.40	59.90	60.55	60.55
Jan	61.40	59.90	—	—
March	61.40	59.90	—	—
May	61.40	59.90	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
May	1929	1960	1945	1930
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
May	63.45	62.67	63.40	62.47
July	62.95	62.40	63.20	62.75
Oct	63.70	62.35	63.10	62.35
Dec	63.09	62.30	63.00	62.31
March	63.77	63.15	63.60	63.10
May	64.39	63.85	64.00	63.80
July	64.50	63.95	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
May	48.60	48.85	48.45	48.35
June	48.35	48.63	48.30	48.10
July	48.50	48.63	48.20	48.25
August	49.20	50.06	48.70	48.25
Sept	49.65	50.66	50.35	50.00
Oct	50.61	51.25	50.90	50.61
Nov	51.40	51.85	51.40	51.40
Dec	51.75	52.56	52.00	51.75

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
May	131.00	133.70	134.70	130.75
July	129.75	132.65	133.90	129.00
Sept	128.10	129.90	130.30	128.10
March	124.00	126.10	126.00	124.00
May	124.50	126.10	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
June	591.7	590.2	592.4	592.4
July	594.2	594.2	601.0	589.0
Oct	600.4	600.2	606.5	595.0
Jan	606.9	605.2	613.5	604.0
July	619.8	618.7	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
June	18.59	[illegible]	[illegible]	[illegible]
July	18.30	[illegible]	[illegible]	[illegible]
August	18.07	[illegible]	[illegible]	[illegible]
Sept	17.98	[illegible]	[illegible]	[illegible]
Oct	17.86	[illegible]	[illegible]	[illegible]
Nov	17.84	[illegible]	[illegible]	[illegible]
Dec	17.85	[illegible]	[illegible]	[illegible]
Jan	17.73	[illegible]	[illegible]	[illegible]
Feb	17.85	[illegible]	[illegible]	[illegible]
March	17.85	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
May	451.0	[illegible]	[illegible]	[illegible]
June	453.5	[illegible]	[illegible]	[illegible]
Aug	458.9	[illegible]	[illegible]	[illegible]
Oct	464.2	[illegible]	[illegible]	[illegible]
Dec	469.5	[illegible]	[illegible]	[illegible]
Feb	475.1	[illegible]	[illegible]	[illegible]
April	480.6	[illegible]	[illegible]	[illegible]
June	486.4	[illegible]	[illegible]	[illegible]
Oct	498.4	[illegible]	[illegible]	[illegible]
Dec	505.0	[illegible]	[illegible]	[illegible]
Feb	512.7	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
May	791.3	[illegible]	[illegible]	[illegible]
June	796.0	[illegible]	[illegible]	[illegible]
July	801.0	[illegible]	[illegible]	[illegible]
Sep ‡	810.9	[illegible]	[illegible]	[illegible]
Dec	825.0	[illegible]	[illegible]	[illegible]
Jan	829.5	[illegible]	[illegible]	[illegible]
March	839.4	[illegible]	[illegible]	[illegible]
April	—	[illegible]	[illegible]	[illegible]
May	850.9	[illegible]	[illegible]	[illegible]
July	862.9	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
May	7.09	[illegible]	[illegible]	[illegible]
July	7.31	[illegible]	[illegible]	[illegible]
Sept	7.45	[illegible]	[illegible]	[illegible]
Oct	7.53	[illegible]	[illegible]	[illegible]
Jan	7.67	[illegible]	[illegible]	[illegible]
March	7.89	[illegible]	[illegible]	[illegible]
May	8.03	[illegible]	[illegible]	[illegible]
July	8.19	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
June	66.50	[illegible]	[illegible]	[illegible]
August	61.60	[illegible]	[illegible]	[illegible]
Oct	61.10	[illegible]	[illegible]	[illegible]
Dec	61.82	[illegible]	[illegible]	[illegible]
Feb	61.12	[illegible]	[illegible]	[illegible]
June	62.80	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
June	53.15	[illegible]	[illegible]	[illegible]
July	50.25	[illegible]	[illegible]	[illegible]
August	47.12	[illegible]	[illegible]	[illegible]
Oct	41.57	[illegible]	[illegible]	[illegible]
Feb	40.55	[illegible]	[illegible]	[illegible]
April	38.45	[illegible]	[illegible]	[illegible]
June	41.00	[illegible]	[illegible]	[illegible]
July	41.05	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
May	161.0	157.6	161.2	157.5
July	159.1	155.2	159.2	154.5
Aug	157.3	154.9	157.5	154.5
Sept	155.5	154.6	155.5	154.3
Oct	154.2	154.0	155.5	153.5
Dec	155.5	154.6	157.0	154.0
Jan	156.0	156.7	158.0	155.3
March	160.5	157.0	160.5	157.5
May	162.0	159.5	161.5	162.5
July	162.0	159.5	161.5	162.5

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
May	15.46	15.52	15.59	15.47
July	15.87	15.66	15.93	15.84
Aug	16.06	16.10	16.12	16.03
Sept	16.25	16.26	16.29	16.18
Oct	16.42	16.42	16.50	16.41
Dec	16.75	16.75	16.80	16.65
Jan	16.92	16.90	16.95	16.92
March	17.25	17.20	17.30	17.30

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
May	284.4	282.4	285.4	282.0
July	270.2	267.6	271.0	266.6
Sept	272.6	270.0	273.6	270.0
Dec	281.0	278.0	281.0	277.2
March	281.4	278.4	281.6	278.4
May	273.6	271.0	273.6	271.0

SPOT PRICES: Chicago loose lard 13.50 (same) cents a pound. Handy and Harman silver bullion 792.0 (805.0) cents per troy ounce. New York tin

FUTURES—Index 597, May 596-599, June 596-599, July/Sept 596-599. Sales: Nil.

POTATOES

May opened unchanged but quickly came under keen selling pressure which pushed values below £170, triggering stop-loss orders. A low April 1987 tender (24) had a temporary steadying influence before May sank to £162.00. Day trade activity lifted values £1.50 on the close. A forecast change in the weather kept new crop steady in a limited range, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
May	163.60	172.10	172.00-162.00
Nov	88.60	87.50	89.00-88.88
Feb	97.50	96.50	
Apr	122.80	121.50	122.80-121.50
May	135.50	134.00	

Sales: 728 (534) lots of 40 tonnes.

SOYABEAN MEAL

During a quiet session only the nearby position traded. It rose on good commercial buying against option hedge selling, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or −	Business done
June	116.0-116.5	+1.25	116.5-116.0
August	115.1-115.5	+0.55	—
October	115.0-115.5	+0.75	—
Dec	117.9-118.6	+0.45	—
Feb	121.0-122.0	+0.75	—
April	121.5-123.0	+1.50	—
June	128.5-123.0	−0.25	—

SUGAR

...LONDON DAILY PRICE—Raw sugar $176.50 (£107.00), down 50c (up 50p) a tonne for May/June delivery. White sugar $190.50, down $3.50.

No. 6 Contract	Y'sterd'ys close $ per tonne	Previous close	Business done
May	158.5-159.4	155.4-154.6	158.5-152.4
Aug	163.0-165.2	158.4-159.0	163.6-158.8
Oct	167.8-168.2	163.8-164.4	168.6-162.0
Dec	171.6-173.6	167.0-169.6	—
Mar	176.0-176.8	173.0-172.6	176.8-171.0
May	179.8-180.8	175.8-176.6	179.8-177.2
Aug	182.0-184.8	178.8-180.4	—

Sales: 4,931 (4,725) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £211.00 (£210.50) a tonne for export.

International Sugar Agreement—(US cents a pound fob and stowed Caribbean ports). Prices for April 27: Daily price 6.77 (6.80); 15-day average 6.64 (same).

PARIS—(FFr per tonne): Aug 1150-1152, Oct 1165-1169, Dec 1205-1224, March 1240-1247, May 1273-1285, Aug 1310-1325.

OIL

Brent trade was thin, and mostly for June which traded in a 4c range around $18. Prices slipped a little on the back of a weak Nymex. With the Japanese market on holiday little interest was seen for Dubai. June WTI opened 9c down on Nymex and traded 21c down at 1.30 pm EDT. In the petroleum products market gas oil and fuel oil remained stable in thin trade. Naphtha weakened in an over-supplied market. Gasoline was stable with limited buying interest—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.65-16.69*	−0.075
Brent Blend	18.20-18.30	−0.05
W.T.I. (1pm est)	18.60-18.70*	−0.125
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	195-199	—
Gas Oil	146-148	—
Heavy fuel Oil	106-108	—
Naphtha	164-167	−6

* June

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yestrdy's close US$ per tonne	+ or −	Business Done
May	146.25	−0.75	148.75-46.50
June	146.50	−0.25	148.50-45.50
July	147.00	—	147.50-45.75
Aug	148.75	—	149.00-47.50
Sept	149.75	—	149.75-49.50

Turnover: 2,171 (1,780) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or −	Business Done
May	108.00	+2.00	108.00-7.75
June	100.00	—	100.00-99.75
July	99.00	—	99.00

Turnover: 27 (30) lots of 100 tonnes.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling remains strong

STERLING SHOWED no adverse reaction to Tuesday's cut of ½ per cent to 9½ per cent in UK bank base rates. The pound remained strong against the dollar and D-Mark, encouraging hopes that the currency is capable of absorbing another reduction in rates ahead of the widely forecast June General Election.

Recent opinion polls putting Conservative support above the important 40 per cent level have increased speculation about an early election and encouraged the movement of funds into London.

Growing confidence in London was also helped by Tuesday's industrial trends survey from the Confederation of British Industry. This showed increased business optimism about exports, employment and investment.

News that UK retail sales fell 1.2 per cent in March, against forecasts of a rise of about 1 per cent, had no impact, as sterling spent most of the day above the top of the range the City believes the Bank of England has set against the D-Mark.

The target peak is thought to be DM2.9700 but the pound touched a high of DM2.9800, and closed at DM2.9750, compared with DM2.97 on Tuesday. It also gained 80 points to close at the day's peak of $1.6595-$1.6605, and improved to FFr9.9275 from FFr9.9075; SFr2.4450 from SFr2.4275 and Y232.75 from Y231.25.

Sterling's exchange rate index rose 0.1 to 73.0, after touching a peak of 73.1.

The dollar was little changed ahead of today's meeting between President Reagan and Mr Yasuhiro Nakasone, the Japanese Prime Minister. Nervousness about their talks on trade disputes kept the market quiet, while there was also a reluctance to take positions before yesterday's announcement of next week's US Treasury auctions, and the quarterly refunding programme.

Political events are at the centre of market attention, and movements in US statistics have little impact at present. The market failed to react to a rise of 0.4 per cent in the March index of US leading indicators. It was in line with most forecasts, but the February figure was revised down to 0.4 per cent from 0.7 per cent.

March new home sales surprisingly fell 3.6 per cent, against a forecast of a rise in the region of 1.8 per cent.

The dollar fell to DM 1.7925 from DM 1.7960, and to FFr 5.98 from FFr 5.99, but rose to Y140.15 from Y139.85, and to SFr 1.4730 from SFr 1.4680.

On Bank of England figures the dollar's index was unchanged at 100.5.

D-MARK — Trading range against the dollar in 1987 is 1.9035 to 1.7828. March average 1.8355. Exchange rate index 146.8 against 141.8 six months ago.

The D-Mark finished almost unchanged against the dollar in quiet Frankfurt trading. Attention was focused on the dollar's value against the yen, ahead of the Japanese Prime Minister's visit to Washington, leaving the US currency trading in a narrow range against the D-Mark. The national holiday in Japan, ahead of the long May Day weekend in Europe contributed to the quiet level of trading.

Dealers were also wary of committing themselves ahead of the announcement about next week's US Treasury auctions and the quarterly refunding requirement.

There was little reaction to the slight fall to DM 10.1bn from DM 10.4bn in the March West German trade surplus, or the widening of the current account surplus to DM 8.8bn from DM 6.5bn.

Bundesbank support for the dollar was reflected in the rise of DM 500m in West German net currency reserves in the third week of April.

£ IN NEW YORK

Apr 29	Latest	Previous Close
£ Spot	1.6595-1.6545	1.6555-1.6565
1 month	0.42-0.39	0.42-0.41 pm
3 months	1.01-0.97 pm	0.96-0.93 pm
12 months	2.23-2.13 pm	2.00-1.90 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Apr. 29	Previous
8.30 am	73.0	72.9
9.00 am	72.9	72.9
10.00 am	72.9	73.0
11.00 am	72.9	73.0
Noon	73.0	73.1
1.00 pm	73.0	72.7
2.00 pm	73.0	72.6
3.00 pm	73.1	72.8
4.00 pm	73.0	72.9

CURRENCY RATES

Apr. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.785742	0.698529
U.S. Dollar	5.5	1.30001	1.15502
Canadian $	7.90	[illegible]	1.54022
Austrian Sch.	4	16.4375	14.6110
Belgian Franc	8	48.5489	43.1140
Danish Krone	7	8.81082	7.82814
Deutsche Mark	3.0	2.33859	2.07788
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

April 29	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Apr. 29	£	$
[illegible]	[illegible]	[illegible]
Kuwait	0.44820-0.44880	0.27100-0.27120
Luxembourg	61.70-61.80	37.15-37.25
Malaysia	4.0990-4.1105	2.4800-2.4820
Mexico	1951.85-1956.35	1179.00-1182.00
N. Zealand	2.8325-2.8400	1.7125-1.7155
Saudi Ar.	6.2015-6.2070	3.7495-3.7505
Singapore	3.5195-3.5275	2.1280-2.1300
S. Af. (Cm)	3.3040-3.3190	1.9990-2.0030
S. Af. (Fn)	5.2555-5.4275	3.1745-3.2785
Taiwan	54.65-54.90	33.05-33.15
U.A.E.	6.0745-6.0795	3.6725-3.6735

*Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1140	+1.54	+0.91	±1.5344
Danish Krone	7.85212	7.82814	-0.34	-0.97	±1.6404
German D-Mark	2.05853	2.07788	+0.94	+0.31	±1.0981
French Franc	6.90403	6.93184	+0.40	-0.23	±1.3674
Dutch Guilder	2.31943	2.34515	+1.11	+0.48	±1.5012
Irish Punt	0.768411	0.777790	+1.22	+0.59	±1.6684
Italian Lira	1483.58	1496.51	+0.20	+0.20	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Apr. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6510-1.6605	1.6595-1.6605	0.41-0.38c pm	2.86	1.00-0.95 pm	2.35
Canada	2.2055-2.2190	2.2180-2.2190	0.37-0.27c pm	1.73	0.78-0.62 pm	1.26
Netherlands	3.34¾-3.36	3.35½-3.36½	1¼-1⅛c pm	4.46	3⅝-3¼ pm	4.09
Belgium	61.58-61.82	61.70-61.80	17-10c pm	2.62	41-31 pm	2.33
Denmark	11.18½-11.23¼	11.22-11.23	⅛pm-¼ ore dis	0.15	⅛pm-⅛ dis	-0.04
Ireland	1.1085-1.1155	1.1125-1.1135	0.08-0.18p dis	-1.40	0.15-0.30 dis	-0.81
W. Germany	2.96½-2.98	2.97-2.98	3⅛-2⅞pf pm	3.55	[illegible] pm	3.46
Portugal	229.20-231.22	230.25-231.20	55-135c dis	-4.94	250-390 dis	5.54
Spain	208.24-208.97	208.65-208.95	125-160c dis	-8.19	380-435 dis	-7.81
Italy	2121¼-2130¼	2126¼-2127¼	par-2 lire dis	-0.56	par-5 dis	-0.47
Norway	11.08¾-11.15½	11.14¼-11.15¼	4-5 ore dis	-4.84	13½-14½ dis	-5.02
France	9.89¾-9.93½	9.92¼-9.93¼	1½-¾ c pm	1.44	3-2¼ pm	1.05
Sweden	10.37-10.42¼	10.41¾-10.42¾	¼ pm-1 ore dis	-0.14	⅛ dis-2⅛ pm	0.31
Japan	231¼-233¼	232¼-233¼	1⅛-1 y pm	5.80	3⅛-3 pm	5.48
Austria	20.87-20.95	20.92-20.95	10-8¼ gro pm	5.37	27½-25 pm	5.02
Switzerland	2.42¾-2.45	2.44-2.45	1⅝-1⅛ c pm	6.44	3⅞-3¼ pm	5.52

Belgian rate is for convertible francs. Financial franc 62.35-62.45. Six-month forward dollar 1.59-1.54 c pm. 12-month 2.28-2.18 c pm.
Correction for April 28 French Franc close 9.90¾-9.91¾.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Apr. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6510-1.6605	1.6595-1.6605	0.41-0.38c pm	2.86	1.00-0.95pm	2.35
Ireland†	1.4825-1.4995	1.4895-1.4905	0.55-0.50c pm	4.24	1.35-1.20 pm	3.43
Canada	1.3320-1.3370	1.3360-1.3370	0.13-0.16c dis	-1.30	0.43-0.48 dis	-1.36
Netherlands	2.0220-2.0335	2.0235-2.0245	0.27-0.24c pm	1.39	0.94-0.89pm	1.80
Belgium	37.15-37.40	37.15-37.25	1pm-2 c dis	-0.16	3pm-2 dis	0.05
Denmark	6.74¾-6.78½	6.76-6.76½	1.55-2.05ore dis	-3.01	4.40-5.30 dis	-2.92
W. Germany	1.7905-1.8020	1.7920-1.7930	0.45-0.42pf pm	2.93	1.44-1.39pm	3.18
Portugal	139-139¾	139-139¼	70-115c dis	-7.97	240-315 dis	-7.97
Spain	125.59-126.17	125.95-126.05	130-180c dis	-14.76	350-450 dis	-12.69
Italy	1281-1288¾	1281½-1282½	3.10-3.60lire dis	-3.13	8.00-10.00 dis	-2.80
Norway	6.67½-6.72	6.71¼-6.71¾	4.05-4.55ore dis	-7.69	12.15-12.65dis	-7.39
France	5.97¾-6.01	5.97¾-5.98¼	0.62-0.77c dis	-1.39	1.70-2.00 dis	[illegible]
Sweden	6.26¾-6.29	6.27¼-6.27¾	1.23-1.53ore dis	-2.64	3.50-3.90 dis	-2.36
Japan	140.00-141.10	140.10-140.20	0.34-0.31y pm	2.77	1.12-1.07 pm	3.11
Austria	12.62-12.66½	12.65-12.65½	2.90-2.50gro pm	2.56	8.50-7.50 pm	2.53
Switzerland	1.4675-1.4810	1.4725-1.4735	0.44-0.39c pm	3.37	1.25-1.16 pm	3.21

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.55-37.65.

EURO-CURRENCY INTEREST RATES

Apr. 29	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

Apr. 29	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Nervous trading

TRADING PATTERNS were less than clear cut in the London International Financial Futures Exchange yesterday. Many sectors of the market were affected by the meeting today between President Reagan and Mr Yasuhiro Nakasone.

Bond prices and the dollar were both higher in the hope of some agreement to help the dollar stabilise. However some dealers were less than optimistic since progress so far on this line had been ineffective.

While the dollar's temporary recovery and better bond prices helped to allay earlier fears about a possible fall in Japanese participation at the US Treasury's next refunding package, details of which were released after the close of business in London, many traders were wary should the market be disappointed by a lack of progress in alleviating recent trade tensions.

The protectionist lobby in the US House of Representatives is unlikely to make the meeting of the two leaders as easy as it could be but traders were acutely aware of the US reliance on Japanese investors to service its huge debt requirements.

Speculators pushed the June bond price to a high of 92-31 from an opening level of 92-10 but with many of the big players remaining on the sidelines, values came back to close at 91-28 slightly down from 92-01 on Tuesday.

UK gilt prices provided the other attraction of the day, moving firmer on the pound's strength. Traders were impressed by sterling's resilience to the effects of Tuesday's half point cut in base rates and with hopes improving of another reduction in the short term, so gilt values increased. The June contract opened at 125-24 compared with the previous close of 125-15 and touched a high of 126-21 before closing at 126-20.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
120	6.42	7.44	0.02	1.02
122	4.47	6.34	0.07	1.36
124	2.63	4.54	0.23	2.12
126	1.38	3.50	0.62	3.08
128	0.45	2.54	2.05	4.12
130	0.17	2.10	3.41	5.32
132	0.05	1.35	5.29	6.57
134	0.01	1.06	7.25	8.28

Estimated volume total, Calls 3729 Puts 985
Previous day's open int: Calls 26,109 Puts 13,498

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
82	9.57	9.45	0.01	0.43
84	7.60	8.05	0.04	1.03
86	6.04	6.39	0.12	1.37
88	4.15	5.19	0.23	2.17
90	2.40	3.63	0.48	2.61
92	1.22	2.60	1.30	3.38
94	0.34	2.00	2.42	4.42
96	0.12	1.26	4.20	6.24

Estimated volume total, Calls 56 Puts 205
Previous day's open int: Calls 1,292 Puts 1,285

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last May	Calls—Last June	Puts—Last May	Puts—Last June
19500	10.56	12.01	0.66	2.11
19750	8.51	10.23	1.11	2.83
20000	6.66	8.60	1.76	3.70
20250	5.50	7.14	2.65	4.74
20500	3.70	5.85	3.80	5.95
20750	2.61	4.75	5.21	7.33
21000	1.78	3.76	6.88	8.86
21250	1.16	2.96	8.76	10.56

Estimated volume total, Calls 3 Puts 3
Previous day's open int: Calls 282 Puts 185

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

Strike Price	[illegible]
[illegible]	[illegible]

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

Strike Price	[illegible]
[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

Strike Price	[illegible]
[illegible]	[illegible]

LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

Strike Price	[illegible]
[illegible]	[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT — £50,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

10% NOTIONAL SHORT GILT — £100,000 64ths of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH STERLING

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

US TREASURY BONDS

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE 100 INDEX

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

US TREASURY BONDS 8%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY FUTURES

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% — $100,000 32nds of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM) — $1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC (IMM)

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN (IMM)

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK (IMM)

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM)

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD & POORS 500 INDEX

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

UK rates push for further cut

INTEREST RATES continued to ease in London yesterday, following Monday's half-point cut in base rates. Sterling's continued strength and an improving economic outlook encouraged traders to push for another half-point cut. In addition sentiment remained bullish for the pound as further opinion polls suggested a Conservative win at the next General Election, increasing the pressure on the Government to opt for a June date and raising the prospects of another cut in rates before then.

Three-month interbank money was quoted at 9⅛-9 per cent

UK clearing bank base lending rate 9½ per cent since April 28

down from 9⅜-9¼ per cent and the yield structure cut to one-year money showed a slightly larger reverse trend, suggesting increased confidence of a further downward move in rates.

The Bank of England forecast a shortage of around £350m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £287m and a rise in the note circulation of £95m. In addition banks brought forward balances £30m below target. These were partly offset by Exchequer transactions which added £80m.

The forecast was revised to a shortage of around £450m and the Bank gave assistance in the morning of £221m through outright purchases of eligible bank bills, £65m in band 1 at 9⅜ per cent, £88m in band 2 at 9⅜ per cent and £68m in band 3 at 9¼ per cent.

Once again the forecast was revised, this time to a shortage of around £600m before taking into account the early help and the Bank gave additional assistance in the afternoon of £427m through outright purchases of £77m of local authority bills and £295m of eligible bank bills in band 1 all at 9⅜ per cent and in band 2 £55m of eligible bank bills at 9⅜ per cent. Total help was £648m.

Total assistance was slightly above the forecast shortage but today is expected to show a very large shortage with factors adding to the shortage including a substantial amount being drained as previous sale and repurchase agreements mature.

FT LONDON INTERBANK FIXING

[illegible]
[illegible]

MONEY RATES

NEW YORK (Lunchtime)

[illegible]	[illegible]

Apr. 29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Apr. 29	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

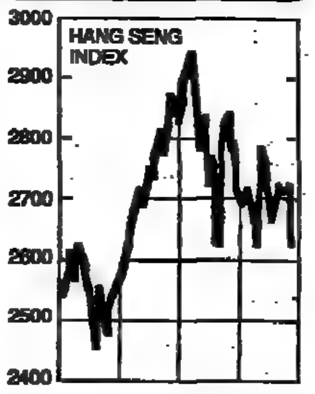
Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 29 1987					● TUESDAY		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Day's Change %	Pound Sterling Index
Australia (94)	128.54	+0.4	114.80	120.97	2.88	128.09	−3.2	114.81
Austria (16)	91.10	−0.9	81.36	85.11	2.19	91.94	−1.9	82.41
Belgium (47)	120.24	−0.6	107.39	111.50	4.28	120.94	−1.0	108.41
Canada (131)	125.38	+0.5	111.98	121.34	2.33	124.78	+0.9	111.84
Denmark (39)	113.96	+1.0	101.78	104.82	2.40	112.83	−1.4	101.14
France (122)	120.45	+0.9	107.57	112.98	2.40	119.43	−0.1	107.05
West Germany (90)	94.12	+0.9	84.06	87.71	2.12	93.26	+1.1	83.59
Hong Kong (45)	98.81	−0.8	88.25	98.97	3.32	99.56	−0.9	89.24
Ireland (14)	119.91	+0.5	107.09	113.39	3.73	119.32	−1.5	106.95
Italy (76)	110.43	+0.6	98.62	105.69	1.54	109.72	−1.0	98.35
Japan (458)	149.28	−0.2	133.32	132.25	0.50	149.60	−1.6	134.09
Malaysia (36)	153.67	−1.0	137.25	146.84	2.62	155.25	+0.2	139.16
Mexico (14)	169.06	+5.6	150.99	218.11	0.98	160.06	−7.9	143.47
Netherland (38)	113.48	+0.7	101.35	104.83	4.22	112.69	−0.4	101.01
New Zealand (27)	96.15	+0.7	85.87	87.51	3.07	95.52	+0.1	85.62
Norway (24)	134.09	−0.6	119.75	122.21	2.07	134.86	−1.2	120.88
Singapore (27)	125.37	−0.3	111.97	123.00	1.92	125.71	−1.1	112.68
South Africa (61)	168.03	−0.4	150.07	118.50	3.33	168.63	−5.6	151.15
Spain (43)	112.29	+0.9	100.28	107.18	3.57	111.25	−2.7	99.72
Sweden (33)	122.28	+0.5	109.21	113.59	2.03	121.67	−0.6	109.06
Switzerland (51)	96.74	+0.0	86.40	88.35	1.95	96.75	−1.8	86.72
United Kingdom (340)	135.10	+1.1	120.66	120.66	3.41	133.63	+0.9	119.78
USA (597)	116.82	+0.7	104.33	116.82	3.08	116.01	+0.3	103.99
Europe (933)	117.51	+0.8	104.95	107.62	2.89	116.53	+0.2	104.45
Pacific Basin (687)	146.72	−0.2	131.04	130.69	0.65	147.02	−1.6	131.78
Euro–Pacific (1620)	135.07	+0.2	120.64	121.48	1.43	134.86	−1.0	120.88
North America (728)	117.27	+0.7	104.74	117.08	3.04	116.47	+0.4	104.40
World Ex. US (1826)	135.11	+0.2	120.66	124.89	1.48	134.88	−1.0	120.90
World Ex. UK (2083)	127.26	+0.3	113.66	119.87	1.91	126.91	−0.7	113.75
World Ex. So. Af. (2362)	127.70	+0.4	114.05	119.91	2.04	127.24	−0.5	114.05
World Ex. Japan (1965)	117.82	+0.7	105.23	113.80	2.99	117.00	+0.1	104.87
The World Index (2423)	127.96	+0.4	114.28	119.93	2.06	127.50	−0.5	114.29

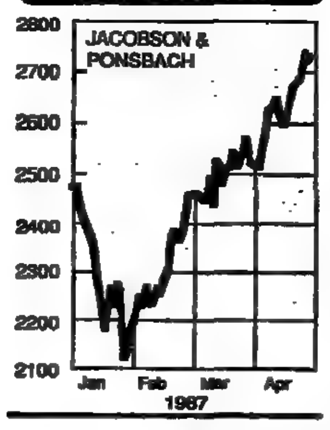
Base values: Dec 31, 1986 = 100

● Corrected indices for April 28.

HONG KONG



SWEDEN



EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	Last	Aug 87 Vol.	Last	Nov 87 Vol.	Last	Stock
GOLD C	$420	69	34	67	50A	27	57	$451.80
GOLD C	$440	—	—	32	39.50	58	49	"
GOLD C	$460	191	9.50	60	29.90	25	38	"
GOLD C	$480	629	5.50	769	22	123	31	"
GOLD C	$500	970	3	91	15	—	—	"
GOLD C	$520	—	—	300	9.70	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 31,665

A=Ask B=Bid C=Call P=Put

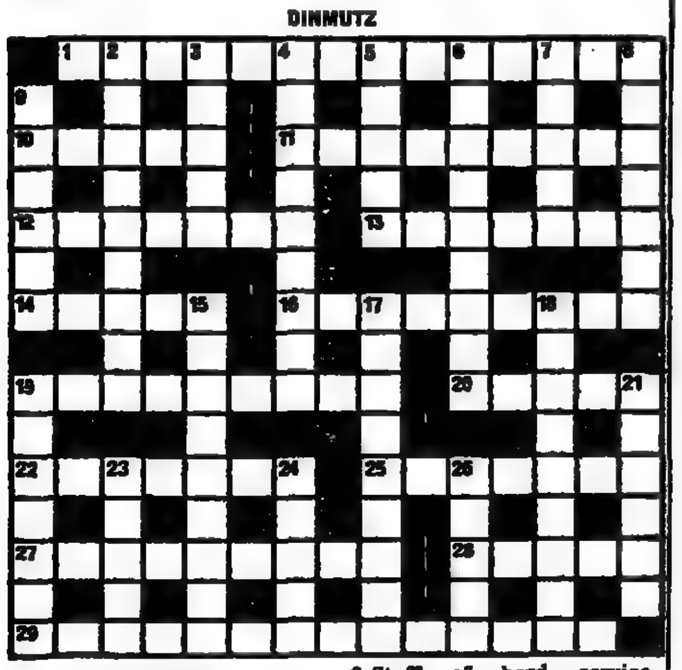
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	9½		
Adam & Company	10	Citibank NA	9½		
Allied Arab Bk Ltd	9½	Citibank Savings	10		
Allied Dunbar & Co	9½	City Merchants Bank	9½		
Allied Irish Bank	10	Clydesdale Bank	9½		
American Exp. Bk	9½	Comm. Bk. N. East	10		
[illegible]		[illegible]		[illegible]	
Barclays Bank	9½	NFC Trust & Savings	9½	Westpac Banking Corp	9½
Benchmark Tst Ltd	9½	● Hambros Bank	9½	Whiteaway Laidlaw	10
Beneficial Trust Ltd	11	Heritable & Gen. Tst	9½	Yorkshire Bank	9½
Berliner Bank AG	9½	● Hill Samuel	§10		
Brit. Bk. of Mid. East	9½	C. Hoare & Co	9½		
● Brown Shipley	9½	Hongkong & Shanghai	9½		
Business Mortgage Tst	10	Lloyds Bank	9½		
CL Bank Nederland	9½	Mase Westpac Ltd	10		
Canada Permanent	9½	Meghraj & Sons Ltd	9½		
Cayzer Ltd	9½	Midland Bank	9½		

● Members of the Accepting Houses Committee. ★ 7-day deposits 4.65%. Sumwise 7.44%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¾% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No 6,315

DINMUTZ



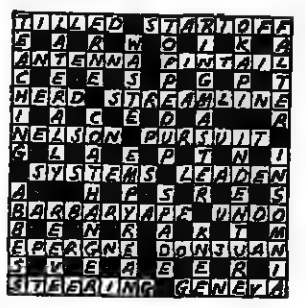
ACROSS

1 Pig? Such a vile man, it turns out (4,10)
10 Nobody's bloomer? (5)
11 The front page to censure the church's office (9)
12 One put in by Packer, say, having been caught in the deep (7)
13 Great depression in Slough? Give new start as answer (7)
14 Painter of French conversation (5)
16 Agree to correspond and arrange match (9)
19 Somehow entitles president to start being vexatious (9)
20 Throw out of bar (5)
22 Show consideration for relation (7)
25 "Ne plus ultra" parts ordered—colourless (7)
27 Eastern doctor, sort of specialist, takes in smoker for a fee (9)
28 Eg Paganini's subject? (5)
29 See Oracle—tubed presentation to mark end of union (6,8)

DOWN

2 This vegetable has a well-inverted sugar (9)
3 Boredom—a bit of a rotten nuisance (5)
4 Lucky thing this plate can be spread (9)
5 Ongoing source of evil that can be cruel (5)
6 Stuff of hard service, perhaps, in tennis or love-rally (9)
7 State of princess over a house (5)
8 Small and pretty, led off to play casually (7)
9 Exclusive class does wrong (6)
15 Coast-guide's computer? (5-4)
17 Do sufferers from it take a partially-detached view? (9)
18 Tense and immature (9)
19 Herald left with ambition (7)
21 White, we hear, this bowler Aussies put on (6)
23 One in hard race, second to Olympic finalists (5)
24 Letter from the volunteers (5)
26 To the time when a French bed is overturned (5)

Solution to Puzzle No 6,314



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

هكذا صار الأصل

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc	277.1	294.7xd	+2.0	4.92
(Accum Units)	342.5	364.3	+2.4	4.92
UK Growth	347.9	370.1xd	+2.6	2.54
(Accum Units)	369.6	393.1	+2.8	2.54

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst.	41.3	43.7	+0.5	1.71
MLA Income Trust	55.4	58.9	+0.6	3.82
MLA Int.	60.3	63.9xd	+0.3	0.82
MLA Gilt Unit Tst	26.0	26.7		9.73
MLA European Trust	34.8	36.2xd	+0.2	0.67
MLA American Tst.	26.6	28.1	+0.5	0.88
MLA Emerging Mkts. Tst	23.9	25.3		0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd Int.	121.1	125.4		6.98
Growth Units	99.8	106.1		2.57
High Income Units	140.5	149.3xd		3.96
High Yielding Gilt Uts	60.8	62.9xd		8.59
Intl Growth Unit Tst	149.5	158.9xd		0.20
UK Smaller Cos.	111.7	118.7		1.57
North American	78.0	82.9		0.36
Far East	132.5	140.8		0.82

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income April 13	296.0	314.9xd		3.55
General April 13	231.8	246.6xd		1.99
International April 13	155.0	164.9xd		0.64
Global Inc Fd April 13	48.6	51.7xd		5.08

Medical Investments Limited
4 Sandys Row, London E1 7HW. 01-247 1167/8/9

Health Fund	48.1	50.6	+0.5	—

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	171.0	180.9xd	+1.5	3.99

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2860

American Growth	102.2	108.1	+2.3	2.37
(Accum Units)	106.5	112.6	+2.4	2.37
American Sm Cos Ex Fd	45.2	46.9xd	+0.7	0.61
(Accum Units)	45.2	46.3	+0.7	0.61
American Income	49.3	52.1xd	+0.6	5.38
(Accum Units)	53.4	56.5xd	+0.6	5.38
European Growth	141.0	150.0	+1.3	0.46
(Accum Units)	146.0	155.3	+1.3	0.46
European Income	81.7	86.9	+1.0	3.50
(Accum Units)	84.1	89.4	+1.1	3.50
General	319.7	338.3	+4.3	2.11
(Accum Units)	530.9	561.7	+7.0	2.11
Gilt	91.5	91.9	+0.5	6.91
(Accum Units)	106.4	106.9	+0.5	6.91
Income	107.4	113.6	+1.0	4.64
(Accum Units)	122.5	129.6	+1.1	4.64
International	279.6	295.8	+1.5	1.35
(Accum Units)	348.1	368.3	+1.6	1.35
Japan	209.6	222.9	−1.1	1.14
(Accum Units)	215.1	228.8	−1.1	1.14
Recovery	260.0	275.1xd	+2.9	2.34
(Accum Units)	282.9	299.5xd	+3.1	2.34
Exempt April 29	308.4	316.3	+15.5	2.37
(Accum Units)	483.2	495.5	+23.0	2.37

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

[illegible]

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	299.3	319.5	+3.3	0.97
Income	230.9	245.9xd	+0.8	3.64
Worldwide Recovery	164.9	176.0	+2.7	1.66
American Growth	72.2	77.1	+1.4	0.92
Intl. Emerging Cos.	90.9	97.1	+1.8	0.71
Far East Growth Fd.	96.9	103.5	+0.5	0.76
European Growth Fd.	64.7	69.1	+0.9	1.04

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	57.2	60.9	+3.87	—
Prolific C'vert & Gilt	118.5	126.1	+0.4	4.63
Prolific Euro Gth&Ic	50.6	53.9	+0.3	2.60
Prolific Extra Inc.	117.3	125.2	+1.0	3.47
Prolific Far East	200.9	214.9xd	−1.1	—
Prolific High Inc	79.9	85.5xd	+1.0	3.22
Prolific Intl.	142.4	151.5	+1.1	0.26
Prolific N. Amer.	126.0	134.8xd	+1.2	—
Prolific Spec. Sits.	96.2	102.9	+1.3	0.78
Prolific Technology	138.1	147.8	+0.8	—

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	95.5	101.7xd	−0.5	—
Japan Acc.	95.7	101.9	−0.5	—
Worldwide Inc.	76.8	81.3xd	+0.1	1.10
Worldwide Acc.	78.2	82.8	+0.2	1.10
European Tst Inc.	94.1	100.2	−0.2	0.34
European Tst Acc.	94.8	100.9	−0.2	0.34
North American Inc.	61.6	65.6	+0.4	1.31
North American Acc.	62.5	66.5	+0.4	1.31
UK Equity Inc.	82.2	87.0	+0.8	1.90
UK Equity Acc.	85.9	90.9	+0.8	1.90
UK High Inc Eqty Inc.	60.3	63.9	+0.6	4.77
UK High Inc Eqty Acc.	61.5	65.1	+0.6	4.77
Hong Kong Trust	43.2	45.8	+0.1	0.39
Swiss Equities Trust	44.8	47.5	−0.8	1.95

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	98.0	104.3	+0.8	0.69
PM Income and Growth	89.0	94.7	+0.5	3.37
PM N American Growth	50.8	54.0xd	+0.5	0.38
PM European Growth	48.2	51.2xd	+0.3	0.62
PM Japan Growth	62.7	66.7xd	−0.3	0.41
PM Overseas Growth	50.4	53.6xd	+0.4	0.47

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377

Holborn Comm Tst.	67.1	70.9	+0.8	0.43
Holborn Equity Income	61.9	65.5	+0.3	3.95
Holborn Equity Tst.	503.7	533.0xd	+5.3	2.53
Holborn European Tst.	113.0	119.5	+0.2	0.39
Holborn Gilt Tst.	200.0	219.4xd	+1.1	2.17
Holborn High Inc Tst	77.7	82.2xd	+0.4	5.25
Holborn Intl Grth Tst.	110.1	116.5	+0.3	0.75
Holborn Japanese Tst.	119.5	126.4	−0.3	0.04
Holborn N. Amer. Tst.	86.3	91.3	+0.6	0.53
Holborn Sm Cos Tst.	68.9	68.6xd	+0.4	1.70
Holborn Spec Sits Tst.	85.8	90.7	+0.8	1.61
Holborn UK Growth Tst.	101.4	107.2	+1.1	1.75

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd.	582.3	584.5xd		1.87
Quadrant Income	296.0	313.3		3.68
Quadrant Intl. Fund	429.8	454.5		1.11
Quadrant Spec. Sits.	358.4	379.3xd		2.14

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent. 0892 510033

British Life	211.4	226.2xd	+3.0	2.64
Reliance Unit Tst (Inc)	139.9	148.7xd	+2.0	2.07
Reliance Un Tst (Acc)	188.2	200.3	+2.7	2.07

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.

Pension Funds

American (Cap)	301.5	310.7	+2.3	–
American (Acc)	420.2	441.3	+3.3	–
Building Soc (Cap)	94.1	98.9		–
Building Soc (Acc)	131.2	137.8		–
Deposit (Cap)	154.2	162.1	+0.1	–
Deposit (Acc)	215.0	225.8		–
European (Cap)	140.0	147.1	+0.3	–
European (Acc)	195.3	205.0	+0.5	–
Equity (Cap)	299.8	319.9	+5.7	–
Equity (Acc)	356.8	384.7	+8.0	–
Gilt (Cap)	247.4	259.9	+0.3	–
Gilt (Acc)	344.8	362.1	+0.5	–
Gold (Cap)	109.9	115.5	+0.1	–
Gold (Acc)	153.2	160.9	+0.2	–
Index-Linked (Cap)	92.7	97.5	–0.5	–
Index-Lnkd Gilt (Acc)	129.3	135.8	–0.8	–
International (Cap)	106.5	111.9	+0.1	–
International (Acc)	148.4	155.9	+0.1	–
Intnl Inc (Cap)	102.5	107.8	+0.3	–
Intl Inc (Acc)	142.9	150.2	+0.5	–
Japan (Cap)	141.0	148.2	+0.3	–
Japan (Acc)	196.6	206.5	+0.6	–
Managed (Cap)	309.0	324.5	+2.4	–
Managed (Acc)	430.6	452.2	+3.6	–
PPP Fund (Cap)	294.6	309.4	+4.0	–
PPP Fund (Acc)	410.5	431.1	+5.5	–
Pacific (Cap)	251.8	264.5	–0.8	–
Pacific (Acc)	350.9	368.5	–1.2	–
Property (Cap)	132.1	138.9		–
Property (Acc)	184.2	193.5		–
Recovery (Cap)	193.6	203.6	+1.3	–
Recovery (Acc)	270.1	283.7	+1.8	–
UK Income (Cap)	110.7	116.3	+0.4	–
UK Income (Acc)	154.3	162.1	+0.6	–
Personal Pension (Acc)	1645.9		+20.9	

MGM Assurance

MGM House, Heene Rd, Worthing 0903 204631

UK Equity	216.4	227.8	+1.2	–
Do. Accum	242.0	254.8	+1.5	–
Special Situations	197.3	207.7	+2.1	–
Do. Accum	220.6	232.3	+2.5	–
North American	173.4	182.6	+1.6	–
Do. Accum	193.8	204.0	+1.6	–
Pacific Basin	307.6	323.8	–0.9	–
Do. Accum	343.9	362.1	–0.9	–
Fixed Interest	216.7	228.2	+0.3	–
Do. Accum	242.4	255.2		–
Property	117.1	123.3		–
Do. Accum	131.0	137.9		–

National Mutual Life

5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	187.0	196.9	+0.9	–
Managed Prospect Fund	146.4	154.2	–0.2	–
UK Equity Fd.	221.0	232.7	+5.2	–
Fixed Interest	152.2	160.3	+0.4	–
Pacific	181.4	191.0	–2.6	–
North American	114.3	120.4	–5.0	–
Pens. Managed	219.2	230.8	+4.2	–
Pens. UK Equity	262.7	276.6	+11.7	–
Pens. Overseas Equity	284.0	299.0	–14.9	–
Pens. Property	117.2	123.4	+0.1	–
Pens. Fixed Interest	160.7	169.2	+3.6	–
Pens. Index Linked	119.8	126.2	+0.1	–
Pens. Deposit	143.1	150.7	+0.2	–
P.R.P. UK Equity	113.6	119.6	+5.1	–
P.R.P. Overseas Equity	196.4	206.8	–10.6	–
P.R.P. Fixed Interest	108.6	114.4	+2.5	–
P.R.P. Property	96.4	101.5	+0.1	–
P.R.P. Index Linked	107.7	113.4	+0.1	–
P.R.P. Deposit	98.2	103.4	+0.2	–
P.R.P. Managed	109.2	115.0	+2.1	–
P.R.P. With Profits	98.6	103.8		–

National Mutual of Australasia

Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	132.42	139.38		–
Guaranteed Deposit	117.87	124.07		–
International	179.48	188.92		–
Managed	146.00	153.68		–
Property	132.21	139.16		–
UK Equities	176.73	186.03		–
Pens Fixed Interest	124.52	130.86		–
Pens Grtd Deposit	118.52	124.76		–
Pens International	195.61	205.90		–
Pens Managed	154.92	163.07		–
Pens Property	145.54	153.19		–
Pens UK Equities	154.03	162.13		–

National Provident Institution

48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	288.2	303.4	+1.6	–
UK Equity	372.8	391.4	+3.2	–
Overseas Eq	277.2	291.8	–0.2	–
American	228.3	240.4	+0.6	–
Far East	322.4	339.4	–1.6	–
Property	134.8	141.9	+0.2	–
Fixed Int	211.7	222.9	+0.9	–
Indexed Gilt	117.7	123.9	+0.2	–
Deposit	132.5	139.5		–

Pension Fund Prices

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Schroder Life Assurance Ltd

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Ass. Co Ltd

Providence Capital Life—Contd.

Provident Life Assoc Ltd

Provident Mutual Life Ass. Assn.

Provincial Life Assurance Co Ltd

Prudential Assurance Co

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assur.—Contd.

Royal Life Insurance Ltd

Save & Prosper Group

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Skandia Life Assur.—Contd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co. Ltd.

Teachers' Assurance Company Ltd

Transatlantic Life Assur Co Ltd

Trident Life Assurance Co Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

MANAGEMENT SERVICES

Marsh Financial Management Ltd

Noble Lowndes & Partners Ltd

The Norwinster Group

O'Halloran & Co/Countrywide

P&R Fund Management Ltd

The Purchaser Group

Sharp (Albert E.) & Co

Towry Law & Co

University Mutual General Ltd

J. D. Ward & Co Ltd

Yorkshire & Lancashire Investment Mgt.

OFFSHORE AND OVERSEAS

Actibonds Investment Fund SA

Adig Investment

Albany Fund Management Limited

Albany International Assurance Ltd

Alexanders Rouse (Bermuda) Ltd

Alliance Capital Management Intl. Inc.

Allied Dunbar International Fund Mgrs.

Allied Irish Fund Managers (CI) Ltd

Anglo-Swiss Assets Management Ltd

Arbuthnot Securities (C.I.) Limited

BAII Multicurrency (SICAV)

BIA Bond Investments AG

Barclays Unicorn International

Baring Fund Managers (Guernsey) Ltd

Baring International Group

Barrington Mgmt (CI)

Bridge Management Guernsey Ltd

Bridge Management Ltd

Bridge Singapore Asset Mgmt Ltd

Brown Shipley Fund Mgmt (CI) Ltd

Butterfield Management Co Ltd

CAL Investments (IoM) Ltd

CRC Asset Management Limited

Capital International

Cater Allen Investment Management (CI)

Charterhouse Bank

Charterhouse Fund Mgmt. (C.I.) Ltd

Citibank (CI) Ltd "Citifunds"

Corinco International

Credit Suisse

DWS Deutsche Ges. F. Wertpapiersp.

Daiwa Investment Trust Co Ltd

Dartmoor Management (Guernsey) Ltd

Dean Witter World Wide Investment Trust SA

Delta Group

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd

Dunedin Unit Trust Mgrs (Bermuda) Ltd

Elders (Switzerland) Invest. Mgt. SA

Equilibia International Mgt Ltd

Equity International Management Serv's Ltd

Equity & Law International Fund Mgs Ltd

Equity & Law International Life Assur Co Ltd

Ermitage Management Ltd

Eurolife Assurance Group

Europe Prestige Fund SA

Europa Life (Channel Islands) Ltd

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	1987 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	[illegible]	Funding 6½pc 85-87	[illegible]		—	—
[illegible]	[illegible]	Treas. 10pc 1987	[illegible]		10.00	9.49
[illegible]	[illegible]	Treas 3pc 1987	[illegible]		3.03	7.01
[illegible]	[illegible]	Treas. 12pc 1987	[illegible]		11.83	8.92
[illegible]	[illegible]	Treas 7¾pc 1985-88‡‡	[illegible]		7.80	8.63
[illegible]	[illegible]	Exch 10½pc '88	[illegible]		10.33	8.79
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]		9.66	8.83
[illegible]	[illegible]	Transport 3pc '78-88	[illegible]		3.13	6.60
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]		9.42	8.81
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]		11.02	8.79
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]		9.38	8.76
[illegible]	[illegible]	Treas 3pc 1989	[illegible]		3.23	6.75
[illegible]	[illegible]	Treas 10½pc 1989	105		10.19	8.85
[illegible]	[illegible]	Exch 10pc 1989	[illegible]		9.77	8.82
[illegible]	[illegible]	Exch 11pc 1989	[illegible]		10.53	8.85
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]		5.32	7.73
[illegible]	[illegible]	Exch 10½pcCv '89	[illegible]		9.61	7.30
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]		11.80	8.69
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]		10.44	8.75
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]		11.44	8.80
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]		3.34	6.73
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	[illegible]		8.33	8.61
104	[illegible]	Treas. 10pcCv 1990	[illegible]		9.68	8.85
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]		2.86	6.54
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]		10.79	8.89
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]		6.15	7.69
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]		3.46	6.84
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]		9.21	7.57
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]		10.19	8.80
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]		11.09	8.80
[illegible]	[illegible]	Treas 10pc 1992	[illegible]		9.57	8.81
		Five to Fifteen Years				
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]		9.85	8.84

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

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INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

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Financial

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FOREIGN BONDS & RAILS—Contd

AMERICANS

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Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	1987 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
28½	24⅝	Sara Lee $1	25½xd	−⅛	$2.00	—	4.9
10⅞	10⅛	Saul (B.F.) $1	10¼	+⅛	20c	—	1.2
79	62⅞	Southwestern Bell $1	63¾	+⅝	$6.96	—	6.7
17⅞	15¼	Staley Continental	15⅞	−⅛	80c	—	3.2
44⅞	36⅛	Sun Co. Inc. $1	36⅞xd	−⅛	$3.00	—	5.0
74	60⅞	TRW Inc. $1¼	62⅞xd	+⅜	$3.20	—	3.1
31	26¼	Tenneco $5	27⅛	+⅛	$3.04	—	6.8
107½	152⅞	Do. 10pcLn.Stk. 91-5	107½xd	.....	10%	—	15.4
26¼	17⅞	Texaco $6.25	19¼xd	+½	$3.00	—	9.6
57¼	53⅞	Time Inc. $1	52⅞	+⅞	$1.00	—	1.2
14½	12	Tracor $0.33	12	.....	36c	—	1.8
24⅝	19⅝	Transamerica $1	19⅞xd	−⅛	$1.76	—	5.4
13	967p	Transworld Corp $5	998p	−2	20c	—	1.2
42¼	29⅝	TRINOVA Corp.	37⅝	+⅛	b$1.00	—	1.6
18¼	17⅛	USX $1	16⅞	.....	$1.20	—	4.3
18½	17⅞	Union Carbide $1	17⅛	+½	$1.50	—	5.3
31⅞	26⅞	Utd. Technologies	27⅞	+⅞	$1.40	—	3.2
38⅝	29	US West	30	+½	$3.28	—	6.7
33⅞	31⅛	Woolworth $3½	28¼	+⅛	$1.32	—	2.8

CANADIANS

1987 High	1987 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
23p	20p	Abbot Energy Corp.	20½p	.....	—	—	—
21	10½	Amer. Barrick Res.	19	+⅝	—	—	—
83p	36p	Armeno	72½p	−2	—	—	—
19⅝	15⅛	Bk. Montreal	15¼	+⅛	$2.00	—	6.1
10½	815p	Bk. Nova Scot.	844p	+7	72c	—	4.1
20⅝	18½	BCE	18⅝	.....	$2.40	—	6.2
960p	712p	Bow Valley	793p	−4	10c	—	0.6
19¼	12¼	Brascan	15¼	+⅛	88c	—	2.7
609p	279p	Breakwater Res.	487p	+2	—	—	—
11⅝	965p	Can.Imp.Bk. $2	973p	.....	$1.08	—	5.3

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

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ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCES

هكذا أصل الأصل

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
323	305	PWS Holdings 10p	309	–4	9.25	2.9	4.1	21.5
386	326	Pearl Group 5p	355xd	–1	10.5	—	4.1	—
958	808	Prudential	860	+23	29.0	—	4.6	—
499	433	Refuge 5p	468	+4	15.75	—	4.6	—
£10¼	854	Royal	898	–19	31.0	—	4.7	—
346	288	Sedgwick Group 10p	304	+4	12.0	1.7	5.4	13.0
255	207	Steel Burrill J.10p	244	......	9.0	2.0	5.1	13.6
505	403	Stewart Wr. 20p	435	+11	13.0	2.0	4.4	14.4
450	377	Sturge Hldgs 20p	416xd	–1	6.0	2.5	2.0	27.3
895	645	Sun Alliance	860	–21	23.5	—	3.8	—
£12¾	944	Sun Life 5p	£12¾	–¼	28.5	—	3.2	—
£59¾	£46⅞	Taisho M EDR	£56¾	–⅛	Q10%	—	0.7	—
£21½	£16¼	Torchmark $1.00	£16¼	–⅛	Q60c	—	2.3	—
335	240	Trade Indemnity	325	......	4.3	—	1.8	—
£34	£26¾	Travelers $1.25	£27¾xd	+¾	$2.28	—	5.1	—
£32½	£22½	USLIFE Corp. $1.0	£22⅞	+¼	Q$1.20	3.2	3.2	5.0
995	560	Utd Friendly B 10p	992	......	†17.2	—	4.0	—
464	367½	Willis Faber 12½p	427xd	+9	10.75	♦	3.5	♦
61	41	Windsor Secs. 10p	61	+3	0.7	1.5	1.6	56.5

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
17	11½	A & M Group 10p	13½	–½	0.4	2.0	4.1	16.9
76	69	A-R TV Pref. £1	76	......	5.95	48.1	12.9	—
549	302	Anglia TV	445	–4	11.25	3.3	3.5	12.3
165	113	Aspinall Hldgs. 10p	164	+6	6.0	1.2	5.0	22.5
87	63	Aresco 1p	83	–1	L0.5	6.6	0.8	21.9
48	40	BCE Hldgs 5p	41½	......	1.0	3.0	3.3	13.8
195	132	Barr & W.A.T. 'A'	195	......	8.0	♦	5.8	♦
191	165	Boosey & Hawkes	191	......	—	—	—	—
83	45	Border T.V.	65	–2	2.5	3.2	5.3	34.3
424	217	Brent Walker 10p	405xd	+10	8.5	2.2	2.9	19.5
187	110	Campari Int. 20p	187xd	+3	3.0	5.1	2.2	9.6
211	127	Capital Radio 10p	164	+1	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
140	86	Anglo-Dominion	113	–7	—	—	—
90	24	Colby Res Corp	84	+1	—	—	—
225	162	Cons. Murch. 10c	225	......	Q60c	4.4	8.3
69	38	Eanga Inv. Ir10p	60	......	—	—	—
285	159	Greenwich Res	273	......	—	—	—
355	190	Highwood Res.	317	+7	—	—	—
£24¾	£20¾	Homestake Mining $1	£22¾	+¼	Q20c	—	0.6
442	167	McFinley Red Lake	442	+2	—	—	—
150	86	Mosto Explorations	95	–3	—	—	—
100	38	New Sabena Res C$1	86	–4	—	—	—
580	200	Northgate C$1	518	+14	—	—	—
226	104	Nor-Quest Resources	226	......	—	—	—
990	699	RTZ	971	+7	23.5	♦	3.4
£201¼	£165	Do. 9½pcLn '95-2000	£196¼	+1	Q9½%	15.5	(4.9)

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
475	180	Abelscot Group 10p	385	–10	3.2	—	1.2	—
35	28	Aberdeen Am Pet 10p	31	+1	—	—	—	—
125	110	Allied Ins. Brokers	123	–2	L3.5	2.5	4.0	14.3
60	45	Catalyst Comm. 5p	56	+2	—	—	—	—
66	47	Corton Beach 10p	63	+2	—	—	—	31.3
195	102	Edenspring Investments	185	–5	—	—	—	—
65	31	Eglinton Oil Ir 5p	37	+1	—	—	—	—
41	17	Do. Warrants	25	......	—	—	—	—
33	17	Publishing Hldgs. 5p	33	......	—	—	—	19.1
58	45½	Theme Holdings	49xd	......	1.0	♦	2.8	♦
138	111	Unit Group	113	+2	R4.4	2.5	5.6	(8.1)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield include a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	73	......
Craig & Rose £1	£154	......
Finlay Pkg. 5p	77	......
Holt (Jos) 25p	925	+10
IoM Stm. £1	100	......
IRISH		
Fund 11¼% 1988	£100¾	+¼
Nat. 9¾% 84/89	£98¾	+¼
Fin. 13% 97/02	£125⅞	+1
Arnotts	340	+5
CPI Hldgs	57	......
Carroll Inds.	123	......
Dublin Gas	18	......
Hall (R. & H.)	104	......
Heiton Hldgs.	27	......
Irish Ropes	150	......
Unidare	390	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	47
BOC Grp.	42
BSR	12
BTR	30
Babcock	19
Barclays	47
Beecham	48
Blue Circle	62
Boots	25
Bowaters	37
Brit Aerospace	58
Brit. Telecom	20
Burton Ord	23
Cadburys	22
Charter Cons.	30
Comm Union	29
Courtaulds	35
FNFC	20
Gen Accident	80
GEC	18
Glaxo	110
Grand Met.	40
GUS 'A'	100
Guardian	85
GKN	30
Hanson Tst.	15
Hawker Sidd	50
ICI	80
Jaguar	52
Ladbroke	40
Legal & Gen.	25
Lex Service	35
Lloyds Bank	48
Lucas Inds.	55
Marks & Spencer	18
Midland Bk	55
Morgan Grenfell	35
NEI	8
Nat West Bk	55
P & O Dfd.	55
Plessey	20
Polly Peck	20
Racal Elect	20
RHM	30
Rank Org Ord	55
Reed Intnl	42
STC	20
Sears	12
TI	55
TSB	8
Tesco	42
Thorn EMI	50
Trust Houses	20
Turner Newall	24
Unilever	150
Vickers	55
Wellcome	50
Property	
Brit Land	17
Land Securities	30
MEPC	32
Peachey	30
Oils	
BOM	3½
Brit Petroleum	60
Burmah Oil	38
Charterhall	4
Premier	4
Shell	75
Tricentrol	11
Ultramar	17
Mines	
Cons Gold	65
Lonrho	24
Rio T Zinc	65

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Hopes for another base rate cut bring further gains in Gilt-edged and equities

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Apr 6	Apr 23	Apr 24	May 5
Apr 27	May 7	May 8	May 18
May 11	May 28	May 29	Jun 8

* New time dealings may take place from 9.00 am two business days earlier.

The UK stock market continued to push higher yesterday as the hope that domestic interest rates will be cut again before long was reflected in a strong Government bond sector.

Equities closed at the day's best levels, sustained in the final hour of trading by a good start by Wall Street.

The FT-SE 100 index climbed a further 16.5 to 2038.6, within 1 per cent of the all-time high reached last month. At 1608.6, the FT ordinary gained 19.2.

Optimism on UK interest rates was encouraged by the pound's firmness in the wake of this week's half-point reduction in base rates by the British banks. At the same time a steady performance by the US dollar soothed lingering worries that US rates might be forced up to protect the US currency.

Gilt-edged securities jumped by about one point, backed up by firmness in Liffe Gilt futures. "The market feels very strong," commented one marketmaker. The new tap stock is expected to open at a premium on ts 30p partly-paid price when dealings start today. Market houses can bid between 8.30 am and 8.50 am today, after which the Bank will disclose the allotment price. A strong demand is expected—the £200m partly-paid price is not a heavy call on the market.

However, retail interest was only moderate, in both equity and gilt sectors. The latest opinion poll caused another brief tremor of nerves, and some analysts warned that any renewal of pressure on the dollar, and therefore on US credit policies, could "upset the apple cart."

Chemical shares had another very strong session, as the buoyant tone of the annual meeting of Imperial Chemical Industries kept the sector in confident form. Beecham also strengthened, and the Salomon Bros. recommendation kept Fisons on the upward path.

There was good demand for oil shares, with British Petroleum standing out on US support as transatlantic buyers assumed a successful outcome for the increased offer for the remaining equity in Standard Oil. Rumours of a pending settlement of the Texaco-Pennzoil financial dispute remained unconfirmed in London.

British Telecom again featured in active trading as speculation over the possible date for a UK election grew stronger. Telecom has been identified as the outstanding "Great Britain plc" stock, and would respond vigorously to a Thatcher election victory.

The Commons Treasury and Civil Service select committee's warning that commercial banks should not increase lending to troubled debtor countries except for good business reasons induced sporadic profit-taking in the clearers. Lloyds dropped to 510p before rallying to close only a penny easier on balance at 518p, while Midland relinquished 9 at 653p. Barclays softened 5 at 515p, after 510p, but NatWest recovered from an initial level of 590p to finish unaltered at 595p. Elsewhere, Kleinwort Benson came on offer at 453p, down 9, and Hill Samuel gave up 6 at 484p. Benchmark, on the other hand, moved up 4 to 78p.

Equity and Law, in which Mr Ron Brierley's IEP Securities holds a 26 per cent sake, returned to favour with a rise of 7 to 365p in a firm Insurance Life sector. Legal and General added 7 at 279p and Prudential gained 16 at 853p. Apart from General Accident which rose 10 to 953p on further consideration of the expansion of its estate agency network, Composites drifted lower. Royals, 19 down at 898p, reflected reports of a broker's profits downgrading. Sun Alliance dropped 19 at 870p.

Breweries were much quieter after the strong gains in recent days. Allied Lyons edged up 3 to 405p, as did Whitbread 'A,' 352p.

The undertone in the Building sector remained firm, but a couple of leading issues went against the trend. Costain were the major casualty, falling 35 to 501p following disappointing preliminary figures and a subsequent bearish analysts' meeting. Profit-taking in the wake of the annual results left Tarmac 16 lower at 514p.

Blue Circle made fresh progress to close 7 higher at 831p, while RMC gained 9 more to 852p. Elsewhere, Phoenix Timber dipped to 115p prior to closing 4 down at 121p following details of the acquisiton of Protin Services to Benlox for some £2m to be financed by a rights issue. Cakebread Robey dipped 32 to 108p following the termination of bid discussions, but Walter Lawrence gained 7 to 140p on speculative buying.

ICI were a firm market in the wake of the excellent first-quarter results and the bullish AGM and closed ¼ higher at £13¼. Elsewhere in the Chemical sector, Fosece added 5 to 161p despite news of lower annual profits. Rentokil found support at 73½p, up 4½, while British Benzol gained a similar amount at 99p.

Combined English raced away to 320p in the early stages on continuing speculation of a bid from Ratners, but suddenly reacted to touch 302p before closing 4 lower on balance at 307p on vague rumours that Combined were about to launch a bid themselves, for a company dealt in the unlisted securities market. In the event, Ratners recovered from an initial dull level of 345p to close only a penny easier on balance at 355p. Elsewhere in the Stores sector, take-over gossip accompanied a rise of 23 to 173p in Tip Top Drug, while John Kent put on 5 at 78p with the help of call option business. Asprey rose 10 to 625p after press comment and improvements of 5 and 10 respectively were seen in S. Casket, 123p, and Debfor, 320p. Storehouse lost 8 at 302p and Woolworth gave up 835p. Among Shoe concerns, Garnar Booth mmoved up 6 to 260p in response to cash bid terms of 255p per share from Hillsdown.

STC rose 5 more making a two-day gain of 16 at 295p on further consideration of a Wood Mackenzie "buy" recommendation, publicity given to a profits upgrading by brokers Cazenove and the chairman's confident statement at the AGM—the first quarter order book is 33 per cent ahead of a year ago. Racal gained 6 to 229p on reports of a lunch with Smith New Court and British Telecom continued to reflect hopes of a resounding Tory victory in an early general election and firmed 7 more at 288p. News of the expansion in its semi-conductors division helped Plessey rise 4 at 234p. Elsewhere in Electricals, Telephone Rentals rose 6 more to 246p as takeover speculation intensified and acquisition details left FKI 7½ dearer at 132p. Rockwood found support at 118p, up 7, and Unitech revived at 261p, up 11. Talk of an imminent offer from Amstrad left Lec Refrigeration a further 15 higher at 353p.

Buying interest broadened in the Engineering sector. Triplex continued to benefit from acquisition news and put on 11 more to 166½p, while Downiebrae improved 15 to 119p after the annual statement. Interest revived in Hopkinsons, 17 to the good at 448p, and Glynwed 6 firmer at 439p. APV also staged a revival with a rise of 17 to 633p. Other bright spots included T. Robinson, 11 higher at 450p, and RHP, 7½ better at 205½p. Babcock, in contrast, bought recently on bid hopes, reacted 7½ to 214p, while Laird Group, also the subject of takeover speculation of late, eased 8 to 349p following news of the French acquisition. Leading issues to make progress included Guest Keen 9 up at 334p and Hawker, 7 dearer at 517p.

Tate and Lyle dipped to 729p following details of interim profits at the lower end of market estimates, but rallied strongly to close 18 higher on balance at 763p following analysts' conclusions that the reduced tax charge will result in an impressive earnings per share. Among Retailers, Tesco shaded to 494p, the good preliminary figures all but discounted. Rerating suggestions boosted Dee Corporation 6 to 222p, but profit-taking clipped a couple of pence from United Biscuits at 288p.

Gains in the miscellaneous industrial leaders were usually limited to a few pence, but BTR were particularly good at 326p, up 20, amid speculation that the company may be about to sell its near 5 per cent stake in Pilkington; the latter closed a few peuce dearer at 833p. Beecham also continued strongly at 524p, up 14, on he launch of its heart drug Eminase in West Germany. Elsewhere, bumper preliminary figures prompted a rise of 15 to 475p in Davies and Newman, while good anual results left Shiloh 33 higher at 333p. In contrast, Nercrea dipped 47 to 382p on news that Williams Holdings had lapsed its offer after a close run battle. Williams Holdings fell 27 to 740p. Still on the sharp fall in annual profits, Office and Electronic gave up 15 further to 201p, but Extel gained 11 to 514p on the announcement that Mr Maxwell's 26.4 per cent shareholding had been sold at a tender price of 418p per share. It was confirmed later that Samuel Montague had bought the holding. Investment demand left Alexander Workwear 19 to the good at 515p and Associated British Ports 16 higher at 480p. British Aerospace gained 8 to 642p on the Jetstream orders, but disappointing preliminary figures prompted a reaction of 6 to 72p in Noble and Lund. Reed Internationalcontinued to respond to a BZW buy circular and advanced 18 more to 425p. Turner and Newall were also suported and put on 13 to 259p On the other hand, Norank eased 7 to 240p on the graeed share exchange offer from Spong.

Details of acquisitions worth some £5.3m boosted Pleasurama 25 to 407p, while revived demand lifted Samuelson Group 17 to 132p. GRA gained 17 to 120 on the announcement that the company had received further bid approaches.

Delyn Packaging responded to the preliminary figures with a rise of 20 at 345p while Bease Massimi Pollitt, assisted by a buy recommendation from Kleinwort Grievson Securities, improved 8 to 348p.

Light profit-taking was evident in a recently-firm Property sector. MEPC softened a couple of pence to 424p, while Great Portland Estates came back 4 to 269p. Helical Bar gave up 45 at 920p, while Southend Stadium shed 5 to 554p following profit-taking. On the other hand, Rosehaugh, still bouyed by the excellent figures, gained 5 more to 865p, while estate agents Connells put on 8 to 321p.

Among Shipping, P&O Deferred tool a turn for the better at 619p, up 10. Elsewhere, Tiphook were supported and closed 13 to the good at 363p.

John Crowther fell 12 to 200p following details of the proposed £37.4m rights issue and acquisition. Courtaulds, meanwhile, advanced 8 at 441p.

The oil sector staged a broad advance helped by firm crude oil prices and a strong performance by Wall Street. BP, additionally boosted by favourable comment on the terms of the increased offer for the minority shareholding in Standard Oil, raced up 14 more to 928p—a two-day jump of 49—after a turnover of 4.5m shares.

Shell edged up ⅛ to £11¾, while Enterprise Oil jumped 7½ to 232½p as a recent large selling order was completed. Ultramar added 7 at 223p; Ron Brierley is believed to control around 20 per cent of the company following news that Brierley Investments has taken a dominant stake in Rainbow Corporation. Elsewhere, Inoco touched 50p before closing a net 2 up at 46p in the wake of the property deal with London and Suburban Land.

Trading re-commenced in Centibel, formerly part of IC Gas, at 293p compared with the 278p a share bid from Tractebel SA and Group Bruxelles Lambert. Calor dipped 10 to 410p. Elsewhere, Burmah advanced 13 to 461p following a re-rating of the shares.

Tricentrol were 2 firmer at 82½p following the first quarter figures, which were in line with expectations. Great Western Resources, a strong market in recent days, moved up 5 more to 145p, still boosted by speculative support.

Mining shares were much quieter and moved narrowly following the lack of activity in foreign exchange markets. The firmer trend in the dollar saw precious metals move lower again with silver especially under pressure, platinum a shade easier on the day and bullion little changed on balance at $—— an ounce.

The forthcoming closure of many international markets for the May Day holiday prompted a fair amount of winding down ahead of the weekend and interest petered out as the day wore on.

Many of the leading Golds showed minor falls and the Gold Mines index eased 0.9 to 439.2.

The leading Golds included a handful of isolated firm spots—Libanon edged up ⅜ to £17⅝—but the majority of stocks drifted easier on lack of interest. Randfontein, on the other hand, slipped £1¼ to £91, and Winkelhaakfeil ⅝ to £18⅞.

Financial moved similarly to Golds. Turnover in UK-domiciled stocks dropped sharply with Rio Tinto-Zinc finally 7 firmer at 971p after a turnover of less than 1m shares. Consolidated Gold Fields were little changed at 969p.

Many of the Australian gold stocks managed to record good gains—stimulated by strong overnight demand in Sydney and Melbourne—and GMK rose 30 to 435p, Sons of Gwalia 10 to 648p and Central Norseman which hardened 4 to 150p.

MIM Holdings slipped 3 to 150p, unsettled by the latest retreat by silver prices and on further consideration of the recent figures. Ashton Mining dropped 7 to 163p. Peko-Wallsend edged up 4 to 327p.

Traded Options

Ahead of today's expiry of the April series, 3,210 calls and 2,526 puts were arranged in the FT-SE 100 index. Overall, 42,544 deals were done, comprising 31,965 calls and 10,579 puts.

Traditional Options

- First dealings April 13
- Last dealings May 1
- Last declaration July 23
- For Settlement Aug 8

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included Sears, Telephone Rentals, North Kalgurli, Blackwood Hodge, Raglan Property, NMC Investments, Camford Engineering, John Kent, Mountleigh, Premier Consolidated, Cronite, United Guarantee, Wellman, Control Securities, Conroy Petroleum, Elswick, Tyson, Westland Warrants, Bula Resources, F. J. C. Lilley, R. M. Douglas, Phoenix Property, Polly Peck, Evered and MY Holdings. No puts were reported but Pentland were dealt in for the double.

FINANCIAL TIMES STOCK INDICES

	Apr. 29	Apr. 28	Apr. 27	Apr. 24	Apr. 23	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	91.85	91.56	91.64	91.62	90.01	93.35	92.19 (23/3)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.93	96.35	96.62	97.47	97.07	97.12	97.98 (19/3)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,608.6	1,589.4	1,565.2	1,580.9	1,555.2	1,394.9	1,625.2 (24/3)	1,320.2 (2/1)	1,625.2 (24/3/87)	49.4 (26/6/40)
Gold Mines	439.2	440.1	463.6	444.4	435.4	244.2	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.63	3.66	3.73	3.69	3.74	3.88				
Earnings Yld.%(full)	8.31	8.43	8.58	8.49	8.60	9.66				
P/E Ratio (net) (*)	14.89	14.68	14.42	14.58	14.39	12.68				
SEAQ Bargains (5 pm)	38,629	37,883	38,877	52,144	38,943	—				
Equity Turnover (£m)	—	1,912.51	1,348.12	1,942.94	1,161.35	739.52				
Equity Bargains	—	45,925	50,218	57,290	46,333	26,768				
Shares Traded (ml)	—	558.7	532.1	704.6	487.8	325.8				

S.E. ACTIVITY

Indices	April 28	April 27
Gilt Edged Bargains	172.6	137.5
Equity Bargains	297.6	325.4
Equity Value	3,865.7	2,724.9
5-Day Average		
Gilt Edged Bargains	146.0	130.7
Equity Bargains	312.0	305.6
Equity Value	3,131.7	2,704.6

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1595.5	1598.7	1605.8	1602.3	1603.3	1605.5	1608.7	1607.4

Day's High 1609.4. Day's Low 1595.5 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=14.38.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (159)

BRITISH FUNDS (4), AMERICANS (1), CANADIANS (1), BANKS (6), BREWERS (4), BUILDINGS (8), CHEMICALS (1), STORES (4), ELECTRICALS (14), ENGINEERING (12), FOODS (3), HOTELS (3), INDUSTRIALS (25), INSURANCE (3), LEISURE (4), MOTORS (1), NEWSPAPERS (1), PAPER (8), PROPERTY (14), SHOES (2), TEXTILES (5), TRUSTS (22), OILS (6), OVERSEAS TRADERS (3), MINES (2).

NEW LOWS (32)

AMERICANS (7) BASIX Corp, Dun & Bradstreet, Lockheed Corp, Lowe's, Pillsbury, Quaker Oats, RJR Nabisco, BANKS (1) HK & Shanghai, CHEMICALS (1) Akzo, STORES (3) Blik Bok Gruppen, Ellis & Goldstein, Gee (Cecil), ELECTRICALS (4), DDT Group, INSTEM, Laser Lab, Renishaw, FOODS (1) Kraft Inc, INDUSTRIALS (6) China Light, Fertil-A-Chron, Hewitt (J), Jardine Hldgs, Magnecard, Noble & Lund, INSURANCE (1) Tordmark, PAPER (2) JWT Group, Ogilvy Group, TRUSTS (1) Clayton Robard, OILS (2) LASMO "Ops," Ranger Oil, OVERSEAS TRADERS (2) First Pacific Intnl, REA Hldgs, MINES (1) Bond Corp.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	4,400	157	−3	Jaguar	804	559	—
Allied Lyons	2,100	405	+3	Ladbroke	656	431	+2
Amstrad	6,700	198	+9	Land Securities	741	434	+2½
Assoc. Brit. Foods	1,400	356	+3	Legal & Gen.	1,300	279	+7
Argyll Group	3,400	425	+1	Lloyds Bank	1,300	518	−1
BAT	2,400	492	−4	Lonrho	916	266	+1
BET	630	246	+1	MEPC	559	424	−2
BOC	373	447	+3	Marks & Spncr	4,000	239	−1
BPB Inds	182	703	+3	Midland Bank	1,000	653	−9
BPCC	401	307	+2	NatWest Bank	457	595	—
BTR	7,800	326	+20	Next	786	346	−1
Barclays	2,100	515	−5	Pearson	204	609	—
Bass	208	938	+1	P & O	799	619	+10
Beecham	2,500	524	+14	Pilkington Bros	1,000	832	+3
Blue Circle	600	831	+7	Plessey	4,800	234	+4
Boots	1,200	294	+1	Prudential	783	860	+23
Brit. Airways	3,600	149	+3	Racal	8,500	229	+6
Brit. Aero	3,800	642	+8	Rank Org.	183	721	+6
Brit. & Comm.	608	450	+3	RHM	502	307	−½
Brit. Gas	8,400	96½	—	Reckitt & Col	34	983	—
Britoil	1,300	241	+2	Redland	700	460	+1
BP	4,600	925	+11	Reed Intl.	1,400	425	+18
Brit. Telecom	8,500	288	+7	Reuters	625	661	−1
Bunzl	63	220	—	RMC	296	852	+9
Burton	5,000	311	—	RTZ	817	971	+7
Cable & Wire	1,500	363	—	Rowntree Mac.	571	488	+3
Cadbury Schwps	1,700	253	+1	Ryl Bank Scotland	588	328	−6
Coats Viyella	627	392	+3	Royal Insurance	2,300	898	−19
Comm. Union	1,000	317	−2	STC	9,800	295	+5
Cons. Gold	1,000	963	+4	Saatchi & Saatchi	438	655	−2
Cookson	273	432	−2	Sainsbury	388	509	−1
Courtaulds	1,600	440	+7	Sears	19,500	143	+½
Dee Corpn	4,800	222	+6	Sedgwick	201	304	+4
Dixons Grp	2,800	391	—	Shell Trans	2,400	£11¾	+⅛
English China Clays	444	419	−1	Smith & Nephew	2,200	153½	+1
Fisons	1,500	655	+3	Standard Chart.	3,400	808	+1
Gen. Accident	1,100	953	+10	Storehouse	999	302	−8
Gen. Elect.	11,000	209	+1	Sun Alliance	1,000	868	−21
Glaxo	1,000	£14⅜	+⅛	TSB	2,900	84½	—
Globe Investment	66	156	+½	Tarmac	1,400	576	−14
Granada	2,300	317	+6	Tesco	934	494	−1
Grand Met	1,800	488	−1	Thorn EMI	594	695	+2
GUS "A"	154	£13½	−⅛	Trafalgar House	1,300	395	+1
Guardian R.E.	633	903	−2	T'house Forte	8,400	246	+10½
GKN	3,375	394	+9	Unigate	145	389	+1
Guinness	1,300	324	+½	Unilever	285	£26⅛	+⅛
Hanson Trust	5,400	162½	+3½	United Biscuits	3,900	288	−2½
Hawker Sidd	359	517	+7	Wellcome	1,200	413	+1
Hillsdown Hldgs	1,200	216	—	Whitbread "A"	3,100	351	+3
ICI	3,600	£13¼	+¼	Woolworth	550	835	−8

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	109	0	4
Corporations, Dominion and Foreign Bonds	27	1	39
Industrials	604	326	619
Financial and Properties	192	101	297
Oils	38	19	54
Plantations	1	0	13
Mines	49	65	69
Others	99	55	71
Totals	1,119	567	1,166

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Wed Apr 29 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tues April 28 Index No.	Mon April 27 Index No.	Fri April 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	862.80	+1.2	7.56	3.07	16.75	7.02	852.61	841.09	845.71	753.28
2	Building Materials (27)	1070.92	+0.1	7.36	3.09	17.08	6.06	1069.49	1048.14	1045.98	831.89
3	Contracting, Construction (30)	1417.64	+0.2	7.42	3.41	18.46	11.30	1415.02	1391.36	1385.53	1224.37
4	Electricals (12)	2105.83	+1.3	6.45	3.75	20.90	31.62	2078.39	2072.15	2101.33	2068.43
5	Electronics (36)	1933.58	+1.3	7.74	2.27	17.02	11.17	1908.62	1888.92	1900.97	1794.13
6	Mechanical Engineering (59)	480.77	+1.1	8.65	3.59	14.73	5.25	475.51	470.05	475.05	421.05
8	Metals and Metal Forming (7)	474.60	+1.0	7.93	3.27	15.25	3.58	469.93	467.91	464.38	358.85
9	Motors (16)	330.69	+1.3	9.13	3.21	12.60	2.96	326.45	322.74	327.95	302.35
10	Other Industrial Materials (20)	1485.49	+2.8	6.13	3.32	19.58	15.30	1444.46	1425.85	1442.32	1331.14
21	CONSUMER GROUP (188)	1185.02	+0.5	6.32	2.70	20.35	4.73	1179.32	1158.90	1163.49	734.29
22	Brewers and Distillers (22)	1104.91	+0.3	7.73	3.06	16.28	4.89	1101.88	1074.28	1079.13	932.07
25	Food Manufacturing (26)	892.02	+0.3	7.86	3.31	16.80	7.32	889.05	877.59	881.30	692.48
26	Food Retailing (16)	2190.32	+0.2	5.85	2.53	23.54	10.56	2185.27	2138.63	2138.70	1956.55
27	Health and Household Products (10)	2207.06	+1.2	4.40	1.76	26.23	2.95	2181.41	2152.49	2178.86	1534.99
29	Leisure (32)	1289.22	+1.6	5.90	3.25	22.43	9.98	1268.35	1249.10	1252.35	922.70
31	Packaging & Paper (15)	614.01	+0.5	6.34	2.69	20.55	3.34	611.07	600.26	602.54	474.62
32	Publishing & Printing (14)	3598.28	+1.7	5.90	3.14	21.76	16.79	3537.84	3456.01	3466.23	2456.08
34	Stores (37)	1029.04	−0.5	6.36	2.61	21.38	1.89	1033.98	1016.41	1017.28	919.00
35	Textiles (16)	707.73	+0.4	7.62	2.96	15.06	0.59	704.92	688.61	690.66	556.80
40	OTHER GROUPS (88)	1006.48	+1.2	7.99	3.32	15.59	7.47	994.08	976.95	985.94	815.60
41	Agencies (17)	1401.86	+0.5	4.92	1.75	27.32	8.06	1395.10	1380.14	1389.69	0.0
42	Chemicals (21)	1249.35	+1.5	7.81	3.46	15.69	17.36	1231.34	1188.20	1193.45	900.20
43	Conglomerates (12)	1274.14	+1.4	7.06	3.32	16.68	4.36	1257.12	1242.66	1258.89	0.0
45	Shipping and Transport (11)	2018.50	+1.9	7.38	3.93	17.08	21.04	1980.98	1984.25	1991.16	1655.15
47	Telephone Networks (2)	1098.25	+2.0	8.51	3.41	16.01	1.09	1076.26	1056.29	1062.09	943.60
48	Miscellaneous (25)	1294.17	−0.3	9.60	3.38	11.81	16.92	1298.03	1284.22	1294.21	1038.99
49	INDUSTRIAL GROUP (483)	1065.83	+0.9	7.09	2.96	17.90	6.36	1056.65	1039.39	1044.79	868.61
51	Oil & Gas (17)	1866.28	+0.8	7.71	4.65	16.97	36.56	1851.37	1811.81	1838.94	1159.16
59	500 SHARE INDEX (500)	1133.51	+0.9	7.17	3.20	17.76	9.00	1123.85	1104.68	1111.97	895.48
61	FINANCIAL GROUP (118)	702.71	+0.1	—	4.13	—	9.27	702.00	691.50	696.07	627.83
62	Banks (8)	743.01	−0.5	18.99	5.02	6.97	14.92	746.43	739.08	753.85	695.07
65	Insurance (Life) (9)	968.83	+1.7	—	4.35	—	19.68	952.82	935.87	937.62	851.98
66	Insurance (Composite) (7)	538.08	−0.9	—	4.55	—	5.09	543.05	531.88	531.99	521.75
67	Insurance (Brokers) (9)	1153.04	+1.4	9.29	4.62	13.92	19.02	1137.54	1110.71	1119.99	1235.16
68	Merchant Banks (11)	362.77	−0.7	—	3.46	—	2.91	365.38	363.54	365.89	367.59
69	Property (47)	1022.21	+0.4	4.38	2.79	29.81	4.00	1017.91	996.07	992.38	767.44
70	Other Financial (27)	460.27	+0.5	7.19	3.30	17.71	3.04	457.90	454.88	455.44	357.24
71	Investment Trusts (94)	958.25	+0.1	—	2.44	—	5.19	956.96	948.75	964.67	759.61
81	Mining Finance (2)	479.97	+0.6	6.38	3.46	18.42	1.89	477.10	486.82	480.09	299.11
91	Overseas Traders (11)	944.50	—	8.64	4.74	14.02	10.55	944.23	943.82	931.28	676.18
99	ALL-SHARE INDEX (725)	1017.89	+0.7	—	3.33	—	8.74	1010.75	994.81	1001.33	816.40

	Index No.	Day's Change	Day's High	Day's Low	April 28	April 27	April 24	April 23	April 22	Year ago
FT-SE 100 SHARE INDEX ‡	2038.6	+16.5	2040.4	2028.4	2022.1	1986.6	2001.5	1968.3	1955.7	1660.5

FIXED INTEREST

	PRICE INDICES	Wed April 29	Day's change %	Tues April 28	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	124.51	+0.22	124.24	—	3.64
2	5-15 years	145.05	+0.52	144.30	—	4.94
3	Over 15 years	155.72	+0.85	154.40	—	4.78
4	Irredeemables	168.02	+0.41	167.34	—	6.07
5	All stocks	141.11	+0.49	140.42	—	4.52
	Index-Linked					
6	5 years	119.86	+0.33	119.47	—	0.83
7	Over 5 years	118.52	+0.72	117.68	—	1.17
8	All stocks	118.43	+0.68	117.63	—	1.13
9	Debentures & Loans	125.52	+0.25	125.20	—	2.95
10	Preference	87.53	−0.01	87.54	—	1.94

	AVERAGE GROSS REDEMPTION YIELDS		Wed April 29	Tues April 28	Year ago (approx.)
	British Government				
1	Low	5 years	8.08	8.15	7.58
2	Coupons	15 years	8.70	8.78	8.50
3		25 years	8.71	8.80	8.51
4	Medium	5 years	8.80	8.88	8.78
5	Coupons	15 years	8.92	9.01	8.78
6		25 years	8.93	9.02	8.78
7	High	5 years	8.96	9.03	8.89
8	Coupons	15 years	9.06	9.15	8.89
9		25 years	8.88	8.97	8.89
10	Irredeemables†		8.82	8.85	8.54
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	2.82	2.92	3.30
12	Inflat'n rate 5%	Over 5 yrs	3.57	3.61	3.33
13	Inflat'n rate 10%	5 yrs	2.28	2.37	2.17
14	Inflat'n rate 10%	Over 5 yrs	3.45	3.50	3.17
15	Debs &	5 years	9.82	9.87	9.99
16	Loans	15 years	10.04	10.08	9.89
17		25 years	10.07	10.10	9.80
18	Preference†		10.40	10.40	11.12

‡Opening index 2028.4; 10 am 2031.3; 11 am 2038.9; Noon 2033.5; 1 pm 2033.8; 2 pm 2037.4; 3 pm 2039.7; 3.30 pm 2036.0; 4 pm 2038.3

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*405)	330	82	90	—	2	4	—
	360	55	65	75	6	12	17
	390	32	42	52	15	22	27
	420	17	27	35	28	33	40
Brit. Airways (*148)	130	19	24	—	4	8	—
	140	14	18	26	7	13	14
	160	5½	11	18	19	21	24
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
[illegible] (*324)	260	68	78	—	1	3	—
	280	48	60	70	2	7	10
	300	30	48	58	3	12	20
	330	9	23	40	20	27	30
Ladbroke (*431)	375	60	67	—	1	4	—
	403	32	43	58	3½	10	18
	443	8	23	32	25	28	35
[illegible]							

April 29. Total Contracts 42,544. Calls 31,965. Puts 10,579. FT-SE Index. Calls 3,210. Puts 2,526. *Underlying security price.

LONDON RECENT ISSUES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§150	F.P.	15/4	180	160	Admiral Comp'ting 5p	171	−1	u2.13	3.6	1.7	22.4
§180	F.P.	15/5	201	189	Airtours10p	197	+4	R5.4	2.5	3.7	14.3
§115	F.P.	20/5	138	128	Bellwinch 10p	131	−4	R3.2	3.7	3.2	11.0
§115	F.P.	8/5	145	133	Brooks Service Group	138	......	L3.8	2.2	3.7	15.1
§80	F.P.	8/5	170	150	✠Burford Group	166	+3	u1.2	3.2	1.0	42.8
‖ ‖	F.P.	—	423	400	Calor Group 50p	410	−10	t12.0	2.6	4.0	13.0
130	F.P.	8/5	135	129	Cambridge Instru. 5p	130	......	R0.7	8.8	0.7	14.8
§65	F.P.	—	85	68	✠Cambridge Isotope Ic	81½	−3½	R20.9	—	0.47	—
§200	F.P.	11/5	226	211	✠Castle Comms. 5p	211	......	R7.0	2.2	3.1	14.05
115	F.P.	—	120	117	Church (Charles) 5p	117	−1	R2.75	3.10	3.1	13.9
‖ ‖	F.P.	—	310	293	Centibel 50p	293	......	t8.0	1.6	3.7	22.1
§130	F.P.	22/5	153	145	Cooper (Alan) 10p	148	......	t4.0	2.5	3.6	15.1
§125	F.P.	29/5	153	143	Cundell Group 10p	150	......	W3.19	3.1	2.9	15.4
§155	F.P.	15/5	195	170	✠Epwin Group 10p	191	......	L4.0	2.6	2.8	18.7
§120	F.P.	29/5	181	160	✠Filofax 5p	171	−2	u2.7	2.8	2.1	22.9
§125	F.P.	—	137	128	✠Forward Group 5p	129	−1	u2.2	3.2	2.3	17.3
§112	F.P.	1/5	129	120	✠HoneysuckleGr'p2p	120	......	R4.1	2.5	4.7	11.7
‖ ‖	F.P.	—	£12½	£11¼	Huntingdon Int.5p	£12¼	......	—	—	—	10.8
§120	F.P.	24/4	211	185	Mallett 5p	181	......	t3.0	3.1	2.2	19.6
§120	F.P.	29/5	127	123	✠March Group 5p	124	......	L4.2	2.4	4.5	12.3
§114	F.P.	8/5	127	114	Melville Streetinv.	125	+2	1.4	1.2	1.5	—
—	—	—	35½	25	Do. Warrants	35	......	—	—	—	—
225	F.P.	24/4	342	225	Mercury Asset Mgmt. 5p	323	+2	R5.0	4.0	2.1	16.2
§106	F.P.	—	117	113	✠Orchid Technology‖	117	+1	R02.57c	5.2	1.4	13.6
§180	F.P.	1/5	198	180	Perpetual 10p	195	......	u2.5	4.5	1.7	16.8
120	F.P.	26/3	155	127	✠Prism Leisure Corp 10p	136	+1	R4.26	2.25	4.3	12.8
§95	F.P.	10/4	102	96	RCO 10p	96	......	L3.91	2.1	5.6	11.7
§55	F.P.	3/6	76	64	✠RKF Group 10p	76	+2	u2.19	2.4	3.9	13.1
§140	F.P.	1/5	181	163	✠Reliance Sec.Group5p	166	−2	b4.5	2.5	3.7	14.9
§140	F.P.	15/5	183	171	Waterglade Intl. 5p	181	......	R3.25	3.5	2.4	14.9
130	F.P.	16/3	146	134½	Wilson Bowden10p	143	+6	L3.4	3.0	3.2	14.0
§120	F.P.	29/4	194	145	✠Wyevale Gdn. Cen. 50p	192	......	u2.63	2.8	1.8	26.3
§133	F.P.	22/5	148	140	YRM 10p	141	−2	R4.41	3.5	2.3	16.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
§98.919	F.P.	29/5	101	95	Asda Prop.10⅝% 1st Mort.Deb. 2011	99	......
‖	£30	3/6	49	38	DixonsGrpNon-Int-brng.Cv.Un.Ln(£1)	43	−1
—	F.P.	—	131p	112p	Heywood Williams Cum. Cnv. Red. Prf	131p	......
§100.156	£30	13/8	30⅝	30⅛	Land Securities New 10% 1st Mt Db '25	30⅛	......
—	F.P.	—	100⅛	100	Nationwide 9⅞%Bds.11/4/88	100⅛	......
—	F.P.	—	101½	100	Do. 3⅞% I-L Ln 2021	100½	−⅛
—	F.P.	—	100⅛	100⅛	Do. 9⅞% Bds. 3/5/88	100⅛	......
‖	Nil	30/6	1½pm	¼pm	Second Mkt. Inv. 2½% Cnv Uns Ln '94	1⅛pm	......
§98.819	£20	11/9	24⅝	18⅞	TR City of Lon. Tst. 10¼% Deb 2020	22⅛	−⅛
8.25	Nil	—	85pm	73pm	Tops Est. 'New' 7½% Cnv. Uns. Ln. 2014	72½pm	+2½
§99.016	£25	29/5	27⅛	25⅛	Town Centre Secs. 10½% 1st Mort.Deb.2021	27⅛	......
—	£30	9/10	31⅛	30	Tribune Inv. Tst. 9⅛% Deb 2012	31⅛	......
§98.09	£25	1/9	26⅛	25⅞	Vaux 9⅞% Deb. 2015	26⅛	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
11	Nil	26/6	10½pm	8pm	Astra Ind'L 5p	10½pm	+¼
320	Nil	—	120pm	90pm	Authority Inv. 20p	105pm	+10
170	Nil	—	16pm	3pm	Campari Intl. 20p	16pm	+4
75	Nil	—	40pm	8pm	Ferguson (J) 10p	10pm	......
80	Nil	29/5	36pm	21pm	Micro Business Systems 5p	36pm	+11
5	Nil	22/5	40pm	23pm	✠New England Props. 5p	23pm	......
60	Nil	3/6	4½pm	1¼pm	Senior Eng. 10p	3pm	......
385	Nil	8/6	95pm	90pm	Speyhawk	90pm	......
470	Nil	—	83pm	74pm	Vaux Group	83pm	+1
150	Nil	10/6	52pm	36pm	Walker (Alfred) 10p	36pm	−3
157	Nil	26/6	19½pm	7pm	Weir Group	18½pm	−1

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ✠ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

GERMANY
[illegible]

ITALY
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWITZERLAND
[illegible]

AUSTRALIA
[illegible]

AUSTRALIA (Continued)
[illegible]

HONG KONG
[illegible]

JAPAN
[illegible]

JAPAN (Continued)
[illegible]

SINGAPORE
[illegible]

SOUTH AFRICA
[illegible]

NOTES — [illegible]

CANADA

TORONTO
Closing prices April 29

[illegible]

F—No voting rights or restricted voting rights.

MONTREAL
Closing prices April 29

[illegible]

Total Sales [illegible] shares

Indices

NEW YORK — DOW JONES
[illegible]

STANDARD AND POORS
[illegible]

N.Y.S.E. ALL COMMON
[illegible]

TORONTO
[illegible]

MONTREAL Portfolio — [illegible]

* Indicates pre-close figure

[illegible]

**Saturday April 25. Japan Nikkei 23,903.7 TSE 2,128.98

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500, NYSE All Common 50, Standard and Poor's 10; and Toronto Composite and Metals 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Std Oil	7,075,000	73⅞	+1¼
IBM	2,945,900	155¼	+1
Pinnacle	2,650,200	30xd	1
Cont. Illinois	2,534,800	4⅞	−⅛
Boeing	2,526,400	44½	1⅛
AT&T	1,996,000	24⅛	+⅛
Union Carbide	1,994,300	28⅛	+⅞
Texaco	1,817,500	32	+⅞
Prime Computer	1,725,500	28⅛	+1½
Southern	1,688,000	25⅞xd	⅛

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 35

[illegible]

Elkem declines under weight of financial cost

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

ELKEM, the Norwegian ferroalloys and aluminium group, made a pre-tax loss of NKr 47m ($7.1m) in the first three months of the year compared with a loss of NKr 15m in the same period a year earlier.

The group made an operating profit of NKr 51m compared with NKr 6m in the first three months of 1986 but was burdened by heavy financial costs as well as extraordinary losses.

The group was helped by currency gains of NKr 44m compared with currency gains of NKr 19m in the corresponding period of 1986, but net financial costs increased to NKr 83m from NKr 50m, partly because of a big increase in long-term debt.

The loss (after financial items) was reduced to NKr 12m from NKr 38m a year earlier, but the group's pre-tax result was burdened by an extraordinary loss of NKr 35m on the sale of its stake in Noco, the Norwegian oil consortium.

Group turnover declined slightly to NKr 1.817bn from NKr 1.863bn a year earlier.

Elkem, which plunged into a pre-tax loss of NKr 298m for the whole of 1986, compared with a pre-tax profit of NKr 273m in 1985, said the market for its main products remained depressed.

Its biggest problems are in the market for silicon metal and ferroalloys, with a continued decline in world steel production in the first quarter of the year.

Aluminium prices on the London Metal Exchange had improved in recent months, but there had still not been any significant increase in producer prices.

Elkem has recently increased its holding in Kvaerner, the Norwegian engineering group, to 34.8 per cent.

Pernod advances 21%

BY DAVID HOUSEGO IN PARIS

PERNOD RICARD, the French drinks group, pushed up 1986 consolidated profits by 21 per cent to FFr 547m ($91m).

The rise was achieved on the basis of a 17.7 per cent rise in turnover to FFr 10bn excluding taxes and dues.

Trading profits rose by 20.5 per cent to FFr 1.1bn, and excluding minority interests consolidated profits rose by 21.4 per cent to FFr 516m.

The group said yesterday, it would be paying a FFr 20 dividend on a share total that has been increased by 25 per cent because of a one-in-four scrip issue.

NORTH AMERICAN QUARTERLY RESULTS

BATTLE MOUNTAIN GOLD
Gold producer

First quarter	1987 $	1986 $
Revenue	24.5m	21.1m
Net profits	8.8m	5.9m
Net per share	0.20	0.14

GOTAAS-LARSEN SHIPPING
Shipping

First quarter	1987 $	1986 $
Revenue	82.0m	40.4m
Net profits	7.9m	6.8m
Net per share	0.58	0.61

RJ INTERNATIONAL
Transportation, distribution

First quarter	1987 $	1986 $
Revenue	384m	352m
Op. net profits	4.2m	1.7m
Op. net per share	0.15	0.06

KERR-McGEE
Energy

First quarter	1987 $	1986 $
Revenue	546.9m	718.9m
Net profits	20.2m	22.1m
Net per share	0.42	0.45

RAYCHEM
Plastic insulation products

Third quarter	1986-87 $	1985-86 $
Revenue	238.8m	200.2m
Net profits	18.9m	11.3m
Net per share	1.72	1.07

SOUTHERN
Utility

First quarter	1987 $	1986 $
Revenue	1.8bn	1.6bn
Net profits	191.1m	195.7m
Net per share	0.67	0.71

SOUTHWEST AIRLINES
Domestic carrier

First quarter	1987 $	1986 $
Revenue	178.4m	173.3m
Net profits	19.8m	2.7m
Net per share	†0.30	0.08

† Loss.

SUN
Energy

First quarter	1987 $	1986 $
Revenue	2.23bn	3.35bn
Net profits	38m	146m
Net per share	0.35	1.34

TAMBRANDS
Feminine hygiene products

First quarter	1987 $	1986 $
Revenue	120.5m	114.4m
Net profits	18.3m	18.7m
Net per share	0.82	0.75

TRAVELERS CORPORATION
Insurance

First quarter	1987 $	1986 $
Revenue	4.35bn	3.34bn
Net profits	33.7m	42.4m
Net per share	1.05	0.82

UNITED BRANDS
Bananas, meat packing

First quarter	1987 $	1986 $
Revenue	775.7m	770m
Net profits	14.4m	12.9m
Net per share	0.91	0.80

UNIVERSAL LEAF TOBACCO
Tobacco dealer

Third quarter	1986-87 $	1985-86 $
Revenue	533.1m	329.8m
Net profits	16.2m	10.2m
Net per share	0.94	0.59

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:

BTR	326	+20
Beecham	524	+14
B.P.	925	+11
Brit. Telecom	268	+ 7
Burmah Oil	460	+12
Davis & New	475	+152
Dee Corp.	222	+ 6
Delyn Packag	355	+30
Garner Booth	261	+ 7
Hopkinsons H	448	+17
ICI	£13½	+ ⅛
Lawrence (W.)	140	+ 7
Pleasurama	407	+25
Racal Elec	229	+ 6
Reed Intnl	425	+18
STC	295	+ 5
Shiloh	331	+31
Tate & Lyle	703	+18
Tip Top Drugs	173	+23
Triplex	186½	+11
Ultramar	222	+ 6

FALLS:

Cakebread R A.	108	−32
Costain	501	−35
Crowther (J.)	200	−12
Norcros	382	−47
Royal Ins	898	−19
Tarmac	516	−14
Williams Hldgs.	742	−25

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33 5/8	20 1/8	AAR	s	.50	1.7	20	530	29 5/8	29	29	− 1/8
37	21 7/8	ADT		.92	2.9	16	118	31 5/8	31 3/8	31 3/8	
41 1/2	23 5/8	AFG		.12e	.3	11	435	36 3/4	35	36	+1
40 1/4	16 3/4	AGS				21	816	u40 5/8	38 1/2	40 1/2	+ 1 5/8
9 3/8	4 7/8	AM	Intl				656	6 3/4	6 1/2	6 3/4	+ 1/8
62 1/8	47 1/4	AMR				11	2635	52 3/8	51 1/2	52	+ 3/4
27 1/2	25	ANR	pf	2.67	10.		2	25 7/8	25 7/8	25 7/8	
25	20 7/8	ANR	pf	2.12	8.9		1	23 3/4	23 3/4	23 3/4	
12 7/8	8	ARX	s			12	94	10 1/4	10	10	− 1/8
73 1/2	29 3/4	ASA		2a	3.0		1182	66	63 7/8	65 7/8	+ 1 1/8
20	9 3/4	AVX			1.7	93	149	19	18 5/8	18 5/8	+ 1/8
67	41	AbtLb	s	1	1.7	25	3879	60 3/8	59 1/8	59 5/8	+ 5/8
34 3/8	25	AccoWd		.62	2.1	19	337	30	29 1/2	30	+ 1/4
15 1/8	9	AcmeC		.40	3.0	9	543	13 1/2	13 1/8	13 1/4	+ 1/4
8 1/2	6 1/8	AcmeE		.32b	4.1	30	15	7 3/4	7 3/4	7 3/4	+ 1/8
23 7/8	19	AdaEx		3.42e	16.		60	21 1/4	21	21 1/8	+ 1/8
19 1/2	11 3/8	AdmM	s	.24	1.4	13	30	17 3/8	17 1/8	17 3/8	+ 1/8
21 1/2	12 1/8	AdvSys		.621	3.5	14	234	18 1/2	17 3/4	17 3/4	− 3/4
31 1/2	12 7/8	AMD					14158	24	22 3/4	23	− 1/4
54 1/4	49 3/8	AMD	pf	3	5.6		2419	u54 3/4	53 3/4	53 3/4	− 1/2
10 3/4	5 1/4	Adobe					456	8 3/4	8 1/2	8 1/2	− 1/8
20 1/2	13 3/4	Adob	pf	1.84	9.5		6	19 3/8	19 3/8	19 3/8	− 1/8
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B B B

C C C

D D D

E E E

F F F

G G G

H H H

I I I

J J J

K K K

L L L

M M M

N N N

O O O

P P P

Continued on Page 35

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NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
134¼	109¾	PhE	pfN17.13	15.		z20	111½	111½	111½	+1¼
109	84	PhE	pfK9.50	10.		z190	91	91	91	−2½
88	69	PhE	pfJ7.80	10.		z120	75	75	75	+2¾
85	68	PhE	pfI7.75	11.		z100	72¾	72¾	72¾	+¼
19¼	13¼	PhilSb s	.84	5.8	13	51	15	15⅛	15⅛	+⅛
92¼	55¾	PhilMr	3	3.6	13	8912	84½	82½	83¼	−⅝
22	13	Philpl s	.36	2.0	15	153	18⅛	17⅝	17⅞	−⅛
25⅞	15⅝	PhilGl	.70e	3.0	11	751	24	23⅝	23⅝	−1¼
17	8¼	PhilPet	.60	4.0	41	4855	15⅛	14⅝	14⅞	+¼
24¾	19¼	PhlPt	pf1.87e	7.6		20	24⅝	24½	24½	
47⅞	34¼	PhilVH	.70	1.5	15	315	46¾	46	46½	+⅛
18½	5⅛	Phlcrp n				158	6¼	5½	6	+½
71	35¾	PiedAv	.32	.5	17	142	69¾	69¾	69¾	
71	49½	PiedA pf				36	67⅞	67	67	−⅛
24¾	17	PiedNG	1.32	6.3	11	136	21¼	20½	21	+½
19¾	9½	Pier 1 s	.08	.5	28	1413	17½	17⅛	17⅜	+¼
11	7½	PilgRg	.29e	3.3		235	8⅛	7⅞	7⅞	
15⅝	9¼	PilgPr	n.02e	.2	13	164	12½	11⅞	12½	+⅝
46⅛	32⅝	Pilsby s	1	2.7	16	3271	37¼	36⅝	37	
33¾	26½	PinWst	2.80	9.3	9	2591	30⅛	29⅞	30⅛	+⅛
46⅛	27⅜	PitnyB s	.76	2.0	18	1961	38⅛	37½	38¼	+⅝
161	113½	PitnB	pf2.12	1.4		8	152	149	152	−1
15⅛	10½	Pittstn			39	800	13⅝	13	13¼	+⅛
33¾	17⅜	PlainsP			83	72	33	32½	33	+¼
24⅞	14¾	Plantrn	.16	.7	20	88	23	22½	23	+¼
14	5⅞	Playboy				35	13¼	13¼	13¼	
40¾	23½	Plessey	.98e	2.6		3	38⅛	38⅛	38⅛	+⅜
8⅝	4¼	PogoPd				345	7½	6½	7⅛	−⅜
65½	55¼	Polarid	1.20	1.7	20	2485	71⅜	70	70⅞	+½
43½	17¼	PopTal	.88	2.2	16	310	40⅝	37½	40	+2¾
26¾	11⅛	Portec				186	11⅞	11⅝	11⅝	−⅛

[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

Continued on Page 33

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Institutions help to sustain moderate rally

WALL STREET

WITH THE help of institutional buying, Wall Street managed to hang on to moderate gains yesterday despite adverse trends in the bond and futures markets, *writes Roderick Oram in New York.*

Credit markets had opened firmer but bond prices retreated from early gains of 1½ points as a degree of caution prevailed, particularly after a protectionist trade measure was passed by the House of Representatives in Washington.

The trade news also hit the stock market in the last half-hour of trading. The Dow Jones industrial average closed up 22.30 points at 2,254.26, some 15 points below its intraday high. The greatest gains were concentrated in the Dow Industrials and leading blue chip stocks in which institutional investors showed marked interest.

Ford Motor jumped $5⅝ to $87⅝ following first-quarter profits of $5.73 a share against $2.70 a year earlier, in sharp contrast to the drop of one-fifth in earnings announced earlier by General Motors, up $1⅛ to $87⅝, and Chrysler, up $2¼ to $36½.

Other strong Dow consitutents included Eastman Kodak, up $2¾ to $75⅝ on a big jump in earnings, American Express, up $1¼ to $66½, Goodyear Tire & Rubber, $2 higher at $64, International Paper, ahead $1⅝ at $99 and McDonald's, up $1⅜ to $78½.

The Standard & Poor's 500 index closed up 2.06 at 284.57 and the New York and American stock exchange indices added 1.14 to 160.94 and 2.46 to 322.64 respectively. NYSE volume was moderate at 174.3m shares with advancing issues outnumbering those declining by a ratio of three-to-two.

Merrill Lynch, the world's largest retail securities house, dropped $2½ to $35½. It announced a loss of $250m from unauthorised mortage securities trading by a recently fired senior trader and subsequent market volatility. It does not expect, however, to report a loss for the second quarter.

Other securities firms were mixed. First Boston added $⅝ to $49½, Morgan Stanley slipped $⅝ to $71⅝ and E.F. Hutton rose $⅝ to $37⅝. Salomon Inc, which has been making presentations to analysts, investors and the press in recent days to counter criticism of its downturn in earnings, fell $⅝ to $33¾.

Technology stocks, which have been identified by some analysts as the most likely group to lead the market out of its present correction, continued to attract buying interest. IBM gained $3¼ to $158½, Digital Equipment advanced $1¼ to $171 and Cray Research added $2⅝ to $120½.

Lotus Development put on another $2¼ to $33¼ and was the most active over-the-counter stock on volume of 2.6m shares. Earlier in the week it agreed to produce versions of its popular software for IBM mainframe computers. Tandy dropped $1⅜ to $44¾, however, after an analyst lowered his opinion of the stock.

A number of other stocks were boosted by positive recommendations. Caterpillar gained $1⅛ to $47⅜, Gulf & Western advanced $1⅜ to $77⅜ and Amerada Hess was up $⅝ to $33¾.

PepsiCo dipped $⅛ to $31⅜ after announcing first-quarter net income of 31 cents a share against 27 cents a year earlier.

Liz Claiborne, a fast expanding designer and seller of up-market women's clothes, soared $4¾ to $61½ after announcing higher earnings and dividend and a two-for-one stock split.

Among companies turning in lower profits yesterday, Allegheny Power gained $⅝ to $40¼, Nucor advanced $1¼ to $38¼ and Murphy Oil fell $⅝ to $31½.

Credit markets posted further gains of around 1½ points early in the session as the dollar remained firm and confidence grew for a positive outcome from the Washington meetings this week between President Ronald Reagan and Prime Minister Yasuhiro Nakasone of Japan.

The tone of the markets was also helped by news of a slightly better-than-expected 0.4 per cent increase in US leading economic indicators in March. Although the gain hinged largely on rising securities prices earlier in March, the data still underscored the basic trend of moderate economic growth.

The markets turned cautious later and the price of the benchmark 7.50 per cent Treasury long bond showed a loss of 1⅜ points on the day at 88⅝ yielding 8.81 per cent.

CANADA

MINING stocks, industrials and energy issues all gained as Tuesday's 27-point increase in the Toronto index was extended in mid-term trading. Golds, however, were down after doing so well in the previous session.

Canadian Pacific, which has recently been improving, was up C$1⅛ at C$23¾; Nova Alberta class A was C$⅛ stronger at C$8¼; Rogers Communications class B was down C$⅛ at C$18⅝; and Imperial Oil class A firmed C$⅛ to C$64½.

International Corona Resources was among golds which dipped. It lost C$1 to C$46⅞. Dome Mines was down C$⅛ at C$20⅛ and Campbell Red Lake was unchanged at C$38⅞.

Dome Petroleum was down one cent at C$1.36 after Amoco said it could sell some Dome assets under a takeover offer. TransCanada Pipelines, which is also bidding for Dome, was up C$⅛ to end at C$19⅛.

Montreal made modest gains.

Paul Betts reports on a FFr 600m share plan

Sanofi widens base

SANOFI, the French pharmaceutical and cosmetics group 60 per cent controlled by the Elf-Aquitaine oil company, has launched a FFr 600m ($100m) international share issue to enlarge its capital base to foreign shareholders.

The issue involving 750,000 new shares is being placed in Switzerland, Belgium, West Germany and Britain, Mr René Sautier, chairman of Sanofi, said.

The new shares are being offered at market price taking into account dividends and commission. The shares traded at FFr 884 – FFr 892 in Paris yesterday. At present there are about 12.5m Sanofi shares outstanding.

"Our aim is to internationalise our capital," Mr Sautier said yesterday. He added that Sanofi was interested in attracting individual foreign shareholders into its capital.

The international issue is also designed to make the French group involved in pharmaceuticals, beauty and perfume, and bio-industries better known in foreign markets.

Mr Sautier said Sanofi expected to see its profits increase by at least 10 per cent this year over 1986. The first three months of this year had been good, he said, and the company did not plan to make any heavy restructuring provisions this year as it did last year.

Despite these restructuring provisions, Mr Sautier said Sanofi had reported a 3 per cent increase in net earnings last year to FFr 495m from FFr 480m the year before. Consolidated sales totalled FFr 12.6bn last year and totalled about FFr 16bn if the Yves Rocher subsidiary is included.

William Dawkins on the latest Brussels issue

Barco market retuning

BARCO ELECTRONIC, the Belgian video projection company which was rescued from collapse by the Flemish regional government six years ago, is to be floated on the Brussels stock exchange in June.

GIMV, Belgium's largest venture capital investor and the main shareholder, yesterday said that it will be selling around 25 per cent of the equity at a price to be fixed next month. Barco, founded in 1934 as the Belgium American Radio Company, came close to liquidation in 1981 after the installation of cable television in Europe devastated one of its main markets – televisions able to accept different signal standards from France and Belgium.

The Flemish Government injected Bfr 500m ($13.5m) into Barco Electronics and split it from Barco Industries, the old group's professional colour monitor and textile automation equipment division, which achieved a flotation last year.

GIMV, commissioned by the regional government to restore Barco Electronics to profitability, bought the group from the Flemish Government for BFr 500m last year. A market capitalisation of well over BFr 2bn is expected.

Pre-tax profits climbed steadily from 1983 to 1985, when they peaked at BFr 565m on sales of BFr 2.6bn. Earnings fell last year to BFr 320m before tax, on sales down to BFr 2bn, a decline which the group attributes to the collapse of its distributor in the US, where it normally makes 20 per cent of its sales. Barco has since built up its own US distribution and is forecasting a 22 per cent increase in taxable profits to BFr 391m, with sales up to BFr 2.4bn.

ASIA

Fresh fireworks ahead for jumpy Nikkei

TOKYO

THE DRAMATIC correction in Tokyo share prices at the beginning of this week may have been startling in its size but it was not unexpected, *writes Shigeo Nishiwaki of Jiji Press.*

Indeed, many institutional investors regard the two-day tumble as the natural successor to the six-month bull run which began last autumn.

But opinions are nonetheless divided on why the downturn came now and on how much further the Nikkei average may have to fall.

The Nikkei had risen by 52 per cent from a low of 15,819 on October 22 last year to a high of 24,097 last Wednesday. The average price-earnings ratio for all the stocks listed on the first section of the Tokyo Stock Exchange had risen to a dizzy 75 while the average yield was a very low 0.63 per cent.

The market barometer then plunged by a record 831 points on Monday and on Tuesday plummeted a further 1,066 in morning trading before closing 182 lower at 22,889, making a two-day loss of 1,013.

On the bearish side, Mr Akio Yamamoto, managing director of Nomura Securities Investment Trust Management, blames uncertainty over the dollar for this week's fall and predicts that the Nikkei could plunge 5,000 more points if long and short-term US interest rates show a marked rebound. He is now looking to the outcome of next week's US government bond auctions.

According to Mr Hajime Hirashima, senior managing director of Nippon Life Insurance, the downturn marks an end to "money games" in the form of active dealing in large-capitalisation stocks such as steels and shipbuildings, aided by the high level of market liquidity.

Mr Shigekazu Aoki, president of Daiwa International Capital Management, does not expect the Nikkei to fall below the figure of 21,337 – marking a fall equal to a third of the rise recorded in the six-month bull run.

In anticipation of a slump in April or May, many institutions had already strengthened their cash positions to cushion the impact. Mr Aoki said his company had reduced the proportion of shares in its portfolio from 99 per cent around the end of last year to 65 per cent now.

Institutional investors are now waiting for a chance to hunt bargains when the Nikkei hits a trough. Mr Yamamoto expects blue chips to lead the market down if interest rates rebound.

However, if interest rates fall and the yen keeps rising, some institutions believe that shares linked to domestic demand could lead an upturn.

Reuter adds from Tokyo: Securities analysts say that a worrying proportion of the cash invested in the stock exchange has no foundation in hard assets.

An increasing amount has been raised by borrowing elsewhere, taking advantage of low interest rates in European and domestic bond markets and on Japanese bank loans.

This practice, known as "zaiteku," is common to blue-chip exporters whose incomes have been eroded by the soaring yen and it helped to lift share prices to their recent high levels.

Brokers said zaiteku investments were disturbing because they were among the most speculative in the market. "When the market looks like it's going to fall hard, then companies withdraw their money quickly to put it into safer investment alternatives," one Japanese broker said.

HONG KONG

A LATE round of selling by British brokerage houses forced Hong Kong to stage a last minute retreat and the Hang Seng index lost 27.54 to 2,589.54. The value of session-turnover dropped to HK$638m from HK$960m.

The key property sector managed to resist the selloff, however, with Henderson Land rising 5 cents to HK$5.85. Hongkong Land and New World were both unchanged at HK$5.70 and HK$10, respectively.

Among leading declines Cheung Kong was 25 cents cheaper at HK$42 and Jardine Matheson finished the session with a 20-cent drop to HK$14.60.

AUSTRALIA

THE OVERNIGHT recovery in the bullion price and the stronger close on Wall Street combined to help Sydney share prices recoup some of their record losses of Tuesday in thin trading.

The All Ordinaries index closed 4.3 higher at 1,754.2 after gaining almost 20 points in an early bout of buying. The gold index managed a 32.3 gain to 3,451.4 following its plunge on Tuesday.

Golds and other minings that suffered badly on Tuesday were mainly higher, with GMK up 90 cents at A$10.00, Metana 20 cents ahead at A$16.20, and CRA putting on 5 cents to A$10.40.

However, MIM was down 6 cents at A$3.52 following its third-quarter figures which were hit by extraordinary charges.

SINGAPORE

SELLING gathered pace in Singapore following the resignation of two Malaysian cabinet ministers who failed last week to unseat Prime Minister Mahathir Mohamad.

The Straits Times industrial index shed 9.18 to 1,129.54 and turnover improved to 50.1m shares from Tuesday's 46m.

Most active was Palmco which gained 7 cents to S$1.08 on 2.4m trade; Malaysian Resources dipped ½ cent to 37½ cents on 1.9m shares and Pegi weakened 2 cents to 73 cents on 1.7m turnover.

EUROPE

Dollar finds enthusiasm

A MORE BULLISH mood spread through European bourses as the dollar continued its recovery and good corporate news gave an extra lift to share prices.

Frankfurt had a strong start but fell back during the day, nonetheless finishing mostly higher. The dollar, fixed three-quarters of a pfennig up at DM 1.7989, again provided the main impetus, together with unconfirmed press reports that Deutsche Bank is to be repaid DM 2bn after paying too much tax.

The Commerzbank index was 9 higher at 1,792.7. Trading was, however, fairly quiet as investors began to pull out in advance of the long May Day holiday weekend.

The reported good news for Deutsche Bank helped it to a DM 11 rise to DM 649.50 after climbing as high as DM 656 earlier, but the sector was mixed, with Dresdner off DM 1.50 at DM 339 and Commerzbank 50 pfg easier at DM 269.

The bad news was confined to Klöckner-Werke, whose shares resumed trading and tumbled DM 22.20, or 33 per cent, to a year's low of DM 45 in reaction to its share capital write-down following losses at its Maxhütte subsidiary. Other steel shares were barely dented, however, with Thyssen off DM 1 at DM 116 and Hoesch edged 50 pfg ahead to DM 110.

In the car sector, Daimler added DM 7 to DM 997 in advance of news of an unchanged DM 12 dividend and no bonus on 1986 earnings. BMW was up DM 1 at DM 570 but VW fell back 40 pfg to DM 347.

In mainly lower chemicals, Bayer stood out with a DM 1 rise to DM 304 following its higher 1986 group net profits but unchanged dividend.

Retailer Kaufhof put on another spurt on further consideration of Metro of Switzerland's move to take a majority stake. It climbed DM 12 to DM 481.

Bonds finished higher in quiet trading as the overnight rise in US bonds and the dollar's relative stability lifted sentiment. The Bundesbank sold DM 121.6m worth of paper in its daily market-balancing operation after buying DM 14.4m on Tuesday.

Amsterdam closed mixed after a very quiet day in advance of the national holiday today.

Philips eased Fl 1.30 to Fl 48.50 after announcing a 42.4 per cent increase in first-quarter net profit. The company also said it planned an issue of 20m shares, which would dilute its share capital by just under 9 per cent.

Akzo shed Fl 5.80 to Fl 128.50 after news that its first-quarter profits had dropped heavily.

Zurich closed stronger, spurred by the dollar's stability. Turnover was up from Tuesday's low but remained moderate.

Nestlé bearer put on SFr 50 to close at SFr 9,300 following news of a 10 per cent drop in first-quarter turnover but expectations of steady turnover and profits for the year.

Banks led the upward trend

Paris picked up thanks to a gentle easing of French money market interest rates, some bullish company results and the bolder dollar.

Peugeot climbed FFr 26 to FFr 1,639 and Thomson CSF put on FFr 5 to FFr 1,715 after highly favourable results. Peugeot quadrupled its parent company net profit and announced it was planning an increase in capital.

Thomson reported consolidated net income had more than doubled and said it plans to double its annual dividend to FFr 21.

Brussels edged slightly downwards in light trading. Holdings shed a little but Reserve fought the trend to put on BFr 10 to BFr 3,800. Sidro, however, eased BFr 10 to BFr 2,065 and Sofina slipped BFr 50 to BFr 14,300.

Tractebel and Groupe Bruxelles Lambert failed to attract much interest despite their agreed bid for Contibel Holdings. Tractabel strengthened BFr 100 to BFr 7,300 but GBL stayed unchanged.

Milan closed slightly up after lively trading followed two profit-taking sessions.

Madrid firmed after dropping two days in a row, with banks and constructions gaining.

Stockholm closed higher in moderate trading and Oslo was marginally up.

LONDON

A STRONG Government bond sector and a good start to Wall Street trading helped to sustain the rally in London equities yesterday.

The FT-SE 100 index climbed a further 16.5 to 2,038.6, within 1 per cent of the all-time high reached last month, and the FT Ordinary index was 19.2 higher at 1,608.6. Chemicals and oils both found good demand.

Gilts jumped by about 1 point, backed up by hopes of another interest rate cut before long based on the pound's firmness. The steady dollar and firmness in Liffe gilt futures also helped.

Details, Page 32.

UK move to defend pre-emption right issues

By Nikki Tait in London

BRITISH shareholding institutions yesterday moved to limit the amount of equity they will allow companies to issue without giving right of first refusal to existing shareholders.

The recommendation to more than halve the level of equity issues for cash which they will aporove without pre-emptive rights was contained in guidelines from the Association of British Insurers, which represents all of Britain's largest insurance companies.

Issues which exceed 2.5 per cent of issued share capital and do not give existing shareholders first refusal on the new shares, can expect institutional opposition unless there is "a convincing case for specific approval", according to guidelines drawn up by the association's investment protection committee.

If companies try to flout the guidelines, the association says it will instruct members to oppose any request to a company's shareholders which sought to over-ride pre-emption rights.

The decision, which follows a spate of issue of shares and equity-linked bonds on international capital markets by British companies was immediately strongly attacked by investment banks that have arranged such issues, which are now expected to slow dramatically.

Credit Suisse First Boston, an investment bank which has been prominent in lead-managing issues of international issues for UK companies, said the ruling "would severely limit the ability of British companies to tap international equity and equity-linked debt markets."

CSFB said it was illogical for shareholders to place such a tight constraint on company managements in this area while allowing them far greater freedom to act elsewhere, for example permitting other types of share issues representing larger proportions of existing equity.

SOUTH AFRICA

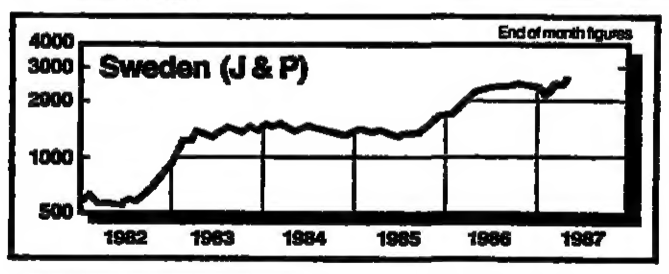
A RISE in the financial rand put further pressure on gold and mining shares in Johannesburg as the bullion price held steady.

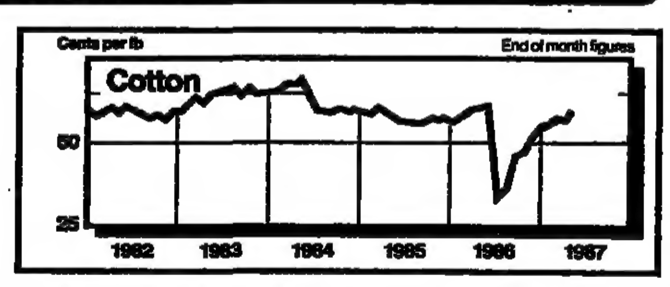
In the gold sector, Vaal Reefs lost R8 to R427, Driefontein R1 to R78.50 and Buffelsfontein R1.50 to R72.

Mining financials saw a R1.50 fall to R77.50 for Anglo American, while Gencor eased 50 cents to R61.50 and Gold Fields SA was off 10 cents at R79.

Diamond stock De Beers lost R1 to R40 and Rustenburg Platinum R1.50 to R51.50.

KEY MARKET MONITORS





STOCK MARKET INDICES

	April 29	Previous	Year ago
NEW YORK			
DJ Industrials	2,254.26	2,231.96	1,825.69
DJ Transport	910.86	908.03	807.41
DJ Utilities	202.10	200.20	182.65
S&P Comp.	284.57	282.51	240.51
LONDON FT			
Ord	1,608.2	1,589.4	1,384.9
SE 100	2,038.6	2,022.1	1,656.3
A All-share	1,017.89	1,010.75	816.40
A 500	1,133.51	1,123.65	895.48
Gold mines	439.2	440.1	244.2
A Long gilt	8.86	8.97	8.91
World Act. Ind	128.28	128.15	90.29
TOKYO			
Nikkei	closed	22,889.86	15,757.9
Tokyo SE	closed	2,041.36	1,248.11
AUSTRALIA			
All Ord.	1,758.8	1,749.3	1,209.1
Metals & Mins.	1,167.3	1,158.9	520.7
AUSTRIA			
Credit Aktien	194.95	198.66	128.85
BELGIAN SE	n/a	4,601.64	3,594.77
CANADA			
Toronto			
Met.& Mins.	2,688.8	2,675.3	2,176.0
Composite	3,704.2	3,685.4	3,116.2
Montreal			
Portfolio	1,826.35	1,816.15	1,601.24
DENMARK SE	n/a	197.81	241.47
FRANCE			
CAC Gen	453.40	450.20	402.7
Ind. Tendance	113.80	112.90	93.90
WEST GERMANY			
FAZ-Aktien	593.44	588.86	718.05
Commerzbank	1,792.70	1,783.70	2,175.70
HONG KONG Hang Seng	2,589.54	2,617.08	1,828.29
ITALY Banca Comm.	760.54	756.02	742.86
NETHERLANDS ANP CBS			
Gen	280.80	280.20	287.0
Ind	280.90	281.80	254.4
NORWAY Oslo SE	428.90	427.14	334.89
SINGAPORE Straits Times	1,129.54	1,133.70	571.36
SOUTH AFRICA JSE			
Golds	—	2,219.0	1,132.1
Industrials	—	1,831.0	1,085.9
SPAIN Madrid SE	223.47	221.96	179.82
SWEDEN J & P	2,765.10	2,738.80	2,281.35
SWITZERLAND Swiss Bank Ind	587.50	586.60	587.4

COMMODITIES (London)

	April 29	Prev
Silver (spot)	499.05p	509.05p
Copper (cash)	£906.50	£895.00
Coffee (May)	£1,395.50	£1,367.00
Oil (Brent)	$18.25	$18.30

GOLD ($/oz)

	April 29	Prev
London	$451.75	$449.50
Zürich	$451.25	$451.50
Paris (fixing)	$445.69	$452.23
Luxembourg	$451.65	$453.50
New York (June)	$451.80*	$453.10

CURRENCIES (London)

	US DOLLAR April 29	US DOLLAR Previous	STERLING April 29	STERLING Previous
$	–	–	1.6600	1.6540
DM	1.7925	1.7960	2.975	2.97
Yen	140.15	139.60	232.75	231.25
FFr	5.98	5.99	9.9275	9.9075
SFr	1.4730	1.4690	2.4450	2.4275
Fl	2.0240	2.0260	3.36	3.35
Lira	1,281.5	1,285	2,127.5	2,125
BFr	37.20	37.30	61.75	61.70
C$	1.3365	1.3345	2.2185	2.2085

INTEREST RATES

	April 29	Prev
Euro-currencies (3-month offered rate)		
£	9 7/16	9 5/16
SFr	3 13/16	3½
DM	3 13/16	3 13/16
FFr	8⅛	8¼
FT London Interbank fixing (offered rate)		
3-month US$	7 1/16	7⅛
6-month US$	7 3/16	7¼
US Fed Funds	6 13/16*	6⅝
US3-month CDs	6.55*	6.65
US3-month T-bills	5.705*	5.835

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	92-01	92-30	91-17	92-07
US Treasury Bills (IMM) $1m points of 100%				
June	93.82	93.87	93.77	93.77
Certificates of Deposit (IMM) $1m points of 100%				
June	93.28	n/a	n/a	n/a
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.64	92.74	92.63	92.66
20-year Notional Gilt £50,000 32nds of 100%				
June	126-20	126-21	125-16	125-15

US BONDS

Treasury

	April 29* Price	April 29* Yield	Prev Price	Prev Yield
7¼ 1989	99 11/32	7.416	99 15/32	7.45
7 1994	94 5/32	8.13	93 27/32	8.161
7¼ 1996	93 7/32	8.29	93	8.326
7¼ 2016	89 ⅜	8.52	88 23/32	8.565

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	April 29* Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.98	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	April 29 Price	April 29 Yield	Prev Price	Prev Yield
AT&T 3⅝ July 1990	92.61	6.50	92.61	6.50
SCBT South Central 10½ Jan 1993	104.375	9.89	104.25	9.90
Phibro Sal 8 April 1996	92.23	9.30	92.51	9.50
TRW 8⅜ March 1996	97.30	9.20	97.59	9.15
Arco 9⅜ March 2016	101.75	9.69	101.625	9.70
General Motors 8⅜ April 2016	85.00	9.57	84.39	9.75
Citicorp 9⅜ March 2016	95.00	9.90	94.10	10.00

Source: Salomon Brothers

* Latest available figures

Canada in search of reciprocity

By Bernard Simon in Toronto

CANADIAN authorities have laid the groundwork for making entry by foreign financial institutions into the domestic securities industry dependent on reciprocal treatment for Canadian institutions in other countries.

In terms of an agreement between the Federal Government and the Province of Ontario on regulatory jurisdictions following Canadas's "Big Bang" on June 30, Federal authorities will have responsibility for the entry of non-residents into Canadian capital markets.

Although the Ontario Securities Commission (OSC) is empowered to register new entrants, an OSC official indicated that the Commision has heeded federal demands for powers to apply the reciprocity rule.

Reciprocity is of particular concern in the case of the 58 foreign-owned banks operating in Canada, several of which have indicated that they wish to expand into the domestic securities industry. Canadian banks have urged the Government to make approval conditional on their ability to do the same in other countries, notably the US.

The new rules, due to take effect on June 30, will abolish most ownership curbs in the securities industry. Foreign owners will initially be restricted to a 50 per cent shareholding, with the ceiling being lifted in mid-1988.

The agreement of federal and provincial jurisdictions has cleared away one barrier to the expected spate of mergers and takeovers involving Toronto-based securities firms as the "Big-Bang" approaches.